

A copy of this Prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of the Canada Corporations Act.

Mutual Fund Shares

(50¢ Par Value)

GROUPED INCOME SHARES LIMITED

(Incorporated under the laws of Canada)

Authorized Share Capital as at March 31, 1968

15,590,078 Mutual Fund Shares of 50¢ Par Value

2,000 Common Shares of 50¢ Par Value

8,145,445 Preferred Shares of 50¢ Par Value

Mutual Fund Shares and Common Shares rank equally with respect to cash dividends, stock dividends and distributions of capital. Mutual Fund Shares are redeemable at the holders option at net asset value. Common Shares are not subject to redemption or purchase for cancellation and are entitled to one vote per share. Preferred Shares are callable at any time and rank prior to all others in the distribution of capital only to the extent of the paid up capital thereon and in the payment of divi-

dends to the extent of their preferential non-cumulative dividend at the rate of 5% per annum, and no more. In the opinion of counsel, the Mutual Fund Shares will be investments in which the Canadian and British Insurance Companies Act states that companies registered under Part III thereof may, without availing themselves for that purpose of the provisions of subsection (4) of Section 63 of said Act, invest their funds.

Business Office

1177 W. Hastings St.,
Vancouver, B.C.

Transfer Facilities

NATIONAL TRUST COMPANY LIMITED
Vancouver, Calgary, Winnipeg, Toronto, Montreal
CANADA PERMANENT TRUST COMPANY
Saint John, N.B.; Halifax, N.S.

**Registrar, Transfer Agent, Custodian
and Dividend Disbursing Agent**

NATIONAL TRUST COMPANY LIMITED

Manager and Selling Agent

GROUPED FUND DISTRIBUTORS LIMITED
Vancouver, B.C.

Units

GROUPED INVESTMENT SHARES (COMPOUND)

(Established by Trust Indenture, March 31, 1957)

A Unit is an undivided interest in the capital of Grouped Investment Shares (Compound). There is only one class of Unit, and the number thereof for which certificates may be issued is unlimited. Units

are redeemable at the holder's option at net asset value, and each Unitholder is entitled to one vote for each Unit registered in his name.

Manager

GROUPED FUND DISTRIBUTORS LIMITED
Vancouver, B.C.

**Trustee, Registrar, Transfer Agent,
and Custodian**

CROWN TRUST COMPANY
Montreal, Quebec

Transfer Facilities

CROWN TRUST COMPANY
Vancouver, Calgary, Winnipeg, Toronto, Montreal
TRUST GENERAL DU CANADA
Montreal, P.Q.; Quebec, P.Q.
CANADA PERMANENT TRUST COMPANY
Halifax, N.S.

PROSPECTUS OF GROUPED INCOME SHARES LIMITED AND GROUPED INVESTMENT SHARES (COMPOUND)

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PROSPECTUS OF GROUPED INCOME SHARES LIMITED AND GROUPED INVESTMENT SHARES (COMPOUND)

1. NATURE AND OBJECTIVES OF THE FUNDS:

Grouped Income Shares Limited is a medium through which the combined savings of a large number of individuals may be advantageously and economically invested and managed. It is designed to provide its shareholders with the usual benefits of mutual fund investment—diversification, possibility of capital growth, professional investment management, security and liquidity—plus regularity of income achieved by an unusual dividend policy, and broad participation in United States as well as Canadian investments.

GIS (Compound) is a reinvestment medium, established as a trust and investing only in the Mutual Fund Shares of Group Income Shares Limited, providing an automatic reinvestment facility (as described in Para. 10) for those shareholders whose prime objective is the accumulation of capital and who do not require receipt of their dividends in cash. For unit holders of GIS (Compound), the net proceeds of GIS dividends accrue regularly to proportionately add to the unit value of GIS (Compound).

Through investment in securities of companies representing many classifications of industry throughout Canada and the United States, the Funds provide shareholders and unitholders with diversification both geographically and by types of industries. Under this policy, securities, principally common stocks, are selected for the purpose of deriving income, protecting the value of investments and achieving long term capital appreciation.

2. NAMES AND ADDRESSES OF THE FUNDS, MANAGER AND SELLING AGENT:

The full names of the Funds are Grouped Income Shares Limited (hereinafter sometimes called "GIS") and Grouped Investment Shares (Compound)—Gestion d'Investissements Selectifs (Cumulatif)—(hereinafter sometimes called "GIS (Compound)"), both hereinafter sometimes collectively referred to as the "Funds". The address of the head office of GIS is 407 Eighth Avenue, S.W., Calgary, Alberta and of the principal office is 1177 W. Hastings Street, Vancouver, B.C. The Manager of GIS (Compound) and Manager and Selling Agent of GIS is Grouped Fund Distributors Limited (hereinafter sometimes called the Manager), which has its head office at 407 Eighth Avenue, S.W., Calgary, Alberta, branch offices at 111 Richmond Street, West, Toronto, Ontario, and 107 St. James Street West, Montreal, P.Q., and its principal place of business at 1177 W. Hastings Street, Vancouver, B.C.

3. INCORPORATION OF GIS AND ESTABLISHMENT OF GIS (COMPOUND):

GIS was incorporated under the laws of Canada by Letters Patent dated 22nd October, 1951, and Supplementary Letters Patent have been issued, dated 24th October, 1955, 14th May, 1959, 11th April, 1961, 11th July, 1966, and December 27, 1967. GIS (Compound) was established by a Trust Indenture dated 31st March, 1957, as amended by a First Supplemental Trust Indenture dated 6th December, 1965 between Grouped Fund Distributors Limited and Crown Trust Company (hereinafter sometimes referred to as the "Trustee"). The Trust Indenture and the amendment thereto are hereinafter sometimes collectively referred to as the "Indenture".

4. SHARE (UNIT) STRUCTURE:

As at March 31, 1968, the authorized share capital of GIS was 15,590,078 Mutual Fund Shares, 2,000 Common Shares and 8,145,445 Preferred Shares, all of the par value of 50 cents each. All or any of the Mutual Fund Shares may be issued as fractional shares (i.e. fractions or parts of shares). As at March 31, 1968, 2,000 Common Shares were outstanding and fully paid and 6,974,134 Mutual Fund Shares were outstanding and fully paid after giving effect to the redemption and cancellation of 4,409,922 Mutual Fund Shares. 12,854,555 Preferred Shares have been issued and redeemed at par value and cancelled. The Preferred Shares are issued from time to time pro rata to the holders of both Mutual Fund and Common Shares by way of Stock dividends at the discretion of the Directors.

The Indenture of GIS (Compound) refers to Units and a Unit is an undivided interest in the capital of GIS (Compound) equivalent to the quotient at any time of the total number of Units outstanding divided into the total net assets of GIS (Compound). There is only one class of Unit and the number thereof for which certificates may be issued is unlimited. A Unit is deemed to have no nominal or par value. Fractional Units may be issued. As at March 31, 1968, the number of Units outstanding was 202,090. The Indenture of GIS (Compound) does not provide for the issue of any bonds, debentures or other forms of securities other than the Units herein referred to.

5. PRICE ON SALE OR REDEMPTION:

Mutual Fund Shares of GIS and Units of GIS (Compound) may be purchased at the "offer" price (subject to volume discounts) and redeemed at the "bid" price (net asset value or redemption price), prevailing on any business day. A business day shall mean a day in which the Toronto Stock Exchange is open for business. These prices, determined at the close of each business day, will be effective for the next succeeding business day. Certain exceptions to the foregoing, which may be instituted in periods of emergency, etc., are described in Para. 17 (b).

6. DETERMINATION OF REDEMPTION PRICE (NET ASSET VALUE):

The redemption price (net asset value) of any Mutual Fund Share or Common Share outstanding shall be its proportionate interest in GIS and shall be determined by dividing the total net assets of GIS by the total number of shares (Mutual and Common) of the capital stock of GIS outstanding as of the close of business on the day of such determination. A detailed description of this procedure is given in Para. 17 (b).

The redemption price (net asset value) of any Unit of GIS (Compound) outstanding shall be its proportionate interest in GIS (Compound) and shall be determined by dividing the total net assets of GIS (Compound) by the total number of Units outstanding as of the close of business on the day of such determination.

7. DETERMINATION OF OFFERING PRICE:

The public offering price of each Mutual Fund Share of GIS and unit of GIS (Compound) is the total of the respective per share and per unit net asset value and the commission of 8½% of the offering price (subject to volume discount) paid by purchaser on acquisition. Out of this commission, Grouped Fund Distributors Limited will defray all expenses in connection with the offering of Mutual Fund Shares and Units, including commissions allowed to distributors. No commission is paid on transactions involv-

ing the purchase or sale of shares or units between GIS and GIS (Compound). Details of Mutual Fund Shares of GIS and Units of GIS (Compound) issued, amounts paid therefor, and commissions paid in the years ended March 31, 1968 and March 31, 1967 were:

	Shares/Units	Paid in	Comms.
Yr. ended Mar. 31, 1968	Issued	Cash	Paid
GIS	936,501	\$3,760,101	\$157,820
GIS (Compound)	136,753	\$1,213,015	\$ 97,005
Yr. ended Mar. 31, 1967			
GIS	1,074,374	\$4,133,579	\$224,003
GIS (Compound)	78,951	\$ 623,443	\$ 49,978

8. VOLUME DISCOUNTS:

The Commission of $8\frac{1}{2}\%$ of the offering price at which Mutual Fund Shares of GIS and Units of GIS (Compound) are sold, is reduced on single lump-sum cash sales of \$25,000 or more as follows:

	Discount	Commission
\$ 25,000 or more but less than \$ 50,000	1%	$7\frac{1}{2}\%$
\$ 50,000 or more but less than \$100,000	3%	$5\frac{1}{2}\%$
\$100,000 or more but less than \$250,000	$4\frac{1}{2}\%$	4%
\$250,000 or more but less than \$500,000	6%	$2\frac{1}{2}\%$
\$500,000 or more	$7\frac{1}{2}\%$	1%

When the aggregate of subsequent individual sales combined with previous sales (where the Mutual Fund Shares or Units are still held by the same shareholder) qualifies for a reduced commission then the appropriate commission rate shall apply on the last of such individual purchases and subsequent purchases shall qualify in the same manner.

9. CONVERTIBILITY:

Shareholders of GIS and Unitholders of GIS (Compound) may exchange all or any part of their holdings for an equivalent holding in the other one of the Funds at prevailing per share or per unit net asset values.

10. REINVESTMENT FACILITIES:

GIS shareholders may receive their dividends in cash or may through the medium of GIS (Compound) have the net proceeds arising from GIS distributions reinvested at net asset value. GIS (Compound) reinvests the bulked net proceeds received from its holdings of GIS in additional Mutual Fund Shares of GIS at net asset value—adding to the value of each Unit but not to the number of Units held. One Unit remains one Unit, but its value will reflect the cumulative effect of such re-investment.

An “external” reinvestment procedure which provides for the automatic reinvestment of GIS distributions in additional shares and fractions of GIS (on an individual basis) is available for those GIS shareholders desiring to use it.

11. METHOD OF DISTRIBUTION AND ESTIMATED NET PROCEEDS:

The Mutual Fund Shares of GIS and Units of GIS (Compound) offered by this Prospectus will be offered for sale to the public on a continuous basis through investment dealers and stock brokers qualified to do so, and through GIS Associates Limited. GIS Associates Limited is a company, incorporated under the laws of Canada by letters patent dated June 30, 1965, which engages in the direct sale to the public of Mutual Fund Shares of GIS and Units of GIS (Compound). Details concerning Programs of GIS Associates Limited, including commissions, fees and costs, are described in the Prospectus provided by that company.

The estimated net proceeds to be derived from the unissued Mutual Fund Shares of GIS and Units of GIS (Compound) offered is dependent on the respective issue prices as determined from day to day, and no estimate of the amount to be derived may be made. No minimum amount must in the opinion of the Directors or Governors be raised by the sale of Mutual Fund Shares of GIS or Units of GIS (Compound) offered by this Prospectus.

12. FUNDAMENTAL POLICIES:

- (a) The 15,590,078 Mutual Fund Shares of GIS (less 6,974,134 Mutual Fund Shares already issued as at March 31, 1968) and the Units of GIS (Compound) are the only classes of securities offered.
- (b) Neither of the Funds shall borrow any money or mortgage or pledge any of its assets except as a temporary measure for extraordinary or emergency purposes and to facilitate the normal business requirements in and about the purchase and/or sale of portfolio securities and/or the issuing and redeeming of shares or Units thereof. Such borrowing, mortgaging or pledging shall not in any event exceed 5% of the total assets, taken at market value at the time of such borrowing, mortgaging or pledging, of that one of the Funds. Neither of the Funds has at any time mortgaged or pledged any of its assets, and neither of the Funds has at any time borrowed any money, except for temporary Bank over-drawals incurred in normal business operations.
- (c) GIS shall not participate in any underwritings, stock pools or joint accounts for market manipulation or in the marketing of securities of others, nor enter into any contract which will restrict its freedom to purchase or sell securities if it deems such purchase or sale to be in its interests.
- (d) Neither of the Funds shall purchase or sell commodities, commodity contracts or real estate or make loans guaranteed or secured by mortgages.
- (e) Neither of the Funds shall make loans, whether secured or unsecured, or utilize its credits for any Officer, Director or Governor of GIS, GIS (Compound) or the Manager.
- (f) Securities shall not be bought on margin nor sold short.
- (g) GIS shall not purchase securities other than through normal public market facilities unless the purchase price approximates the prevailing market price or is negotiated on an arm's length basis.
- (h) Any Officer, Director or employee of the Funds engaged in investment research or participating in any way in any investment decision with respect to the securities of a company in which such Officer, Director or employee has any interest, direct or indirect, shall immediately disclose such interest.

- (i) No options have been given or proposed to be given on any shares of GIS or Units of GIS (Compound).
- (j) No Mutual Fund Shares or Common Shares of GIS or Units of GIS (Compound) have been issued or are proposed or intended to be issued except for cash, except for exercising of the conversion rights referred to in Para. 9. Preferred Shares of GIS have been issued by way of stock dividends, as described in Para. 23.

13. PORTFOLIO RESTRICTIONS:

- (a) GIS is authorized to purchase and hold any securities approved by two-thirds of its Board of Directors and, in any event, securities (i) guaranteed by the Government of Canada, or of a Province, or by the Government of the United States, or (ii) of an issue in which GIS already holds securities, or (iii) approved by its Board of Directors for purchase within the preceding twelve months.
- (b) GIS may not invest more than 10% of its total assets (taken at market value at the time of purchase) in the security of any issuer, except in the case of securities issued or guaranteed by the Government of Canada, any Province thereof and the United States Government or in other qualified mutual funds, subject to the following conditions:

Where GIS proposes to invest in securities of another 'open-end' mutual fund, it may only do so if:

- (i) The fund, whose securities are being acquired, has similar general investment aims as GIS or its investment aims complement a segment of the investment aims of GIS.
 - (ii) The fund being acquired has complied with the requirements of any of the regulatory bodies having jurisdiction over the sale of securities being offered by GIS.
 - (iii) The shares or units of the fund being acquired are purchased at the net asset value of the said fund.
 - (iv) Not more than one management fee is paid, either by GIS or by the vending fund, with respect to the net asset value of the vending fund's shares or units during the period such shares or units are held by GIS.
- (c) GIS shall not invest in securities of any issuer if such purchase at the time thereof would cause more than 10% of the voting stock of such issuer to be held by it, or invest in securities of companies for the purpose of exercising control or management.
 - (d) GIS shall not invest in any securities which are not fully paid or which involve additional liability on the part of GIS or which being the object of an initial sale or distribution may not be lawfully sold in the jurisdiction in which GIS and/or the Manager are situate and may not be lawfully sold in the jurisdiction in which the issuer is situate.
 - (e) GIS shall not have invested more than 10% of its total net assets invested in securities of corporate issuers which have a record of less than three years continuous operation except in cases of issue of rights, recapitalization and other corporate reorganizations.

14. TAX STATUS OF THE FUNDS:

Grouped Income Shares Limited is an incorporated company and, as such, is subject to corporate income tax on its taxable income. GIS (Compound) is not taxed under present Canadian income tax legislation but the Unitholders are taxed as described in Para. 16.

15. TAX STATUS OF SHAREHOLDER OF GIS:

The "income" dividends paid by GIS are taxable in the hands of the shareholders, whether received by them in cash or reinvested in additional shares. Shareholders are advised each year by the dividend disbursing agent of the total amount of the "income" dividends paid to them during the year, and individual shareholders resident in Canada are presently entitled to claim a tax credit equal to 20% of these distributions.

The "stock" dividends paid by GIS are not presently, and have not in the past been subject to Canadian Income Tax.

16. TAX STATUS OF UNITHOLDER OF GIS (COMPOUND):

Since GIS (Compound) is a trust investing solely in GIS shares, the tax position of a Unitholder because of the applicable "conduit" principle is essentially that of a GIS shareholder. The net income received by the trust is allocated to Unitholders on a quarterly basis to be declared by them in completing their tax returns. Unitholders will be advised by the Trustee each year of the amount of declarable income attributable to their holdings.

17. RIGHTS, PRIVILEGES, LIMITATIONS, ETC., ATTACHED TO MUTUAL FUND SHARES OF GIS:

- (a) **Voting Rights:** Except as otherwise expressly provided, the holders of Mutual Fund Shares shall have no right to receive notice of annual or special general meetings of GIS or to vote thereat for the election of directors or for any other purposes, except as required by the Statutes, so long as GIS shall not be in default in payment of dividends. If, however, GIS shall fail to pay a dividend on the Mutual Fund Shares for twenty-four (24) consecutive months, the registered holders of the Mutual Fund Shares shall have the right of voting at all meetings of the shareholders of GIS and to receive notice of all such meetings and every holder of Mutual Fund Shares in such case shall be entitled to one (1) vote for each Mutual Fund Share registered in his name; and such right shall continue until GIS has again paid a dividend whereupon the said right to vote and receive notice of meetings shall cease until such time or times, if any, as GIS shall again fail to pay a dividend on the Mutual Fund Shares for twenty-four (24) consecutive months, when such right to vote and receive notice of meetings shall revive and continue until GIS has again paid a dividend.
- (b) **Redemption Rights:** The registered holder of Mutual Fund Shares may require GIS at any time to redeem at net asset value, all or any of the Mutual Fund Shares registered in his name by delivering to GIS a written request therefor. GIS, upon receipt of such request and upon surrender for redemption of the certificate for the Mutual Fund Share or Shares to be redeemed, properly signed or endorsed, shall pay promptly (in lawful money of Canada) to or upon the order of the registered holder the redemption price; provided, however, that the Board of Directors or any duly authorized committee thereof or any officer or officers of GIS thereunto duly authorized by such board or committee

may defer payment of the redemption price for a period not exceeding seven (7) days after receipt of such request and surrender of the certificate; and provided further that, during any period of emergency, the Board of Directors may suspend, for the period of emergency, the obligation of GIS to redeem Mutual Fund Shares.

The "net asset value" of any Mutual Fund Share or Common Share outstanding on any day shall be its proportionate interest in GIS at the close of business on such day and shall be determined by or pursuant to the direction of the Board of Directors, by dividing:

- (i) the value (in lawful money of Canada) of the "gross assets" at the close of business on such day (securities being taken at their market value determined as hereinafter provided) less the amount determined by or pursuant to the direction of the Board of Directors of all debts, obligations and liabilities of GIS but excluding GIS's liability upon its capital stock and surplus except that all Preferred Shares issued and then outstanding shall be carried as a liability to the extent of the capital paid up thereon.
by
- (ii) the total number of shares (Mutual Fund and Common) of the capital stock of GIS outstanding as of the close of business on the day of such determination.

In determining the value of the "gross assets" of GIS as of the close of business on any day:

(a) The market value of each security which shall be listed or traded in upon The Toronto Stock Exchange shall be determined by the closing sale price thereon and if there was no sale of such security on such exchange on the day of such determination, then by the mean between the closing bid and asked prices of such security, or, in case there shall be no such bid and asked prices for such security on such date, then by the closing price or the mean between the closing bid and asked prices for such security on the last preceding date upon which such exchange shall have been open, provided always that in determining the market value of any security pursuant to the provisions of this paragraph, a deduction shall be made of an amount estimated to represent the recognized selling expenses of such security, such estimate to be made pursuant to a method approved by the Board of Directors.

(b) The market value of any security which is not listed or traded in upon The Toronto Stock Exchange but which is listed or traded in upon another recognized securities exchange shall be determined in the same manner as in (a) above by reference to prices on such other exchange, or, in case such security be listed or traded in upon more than one (1) other recognized securities exchange by reference to prices on such exchange as shall be determined by or pursuant to the direction the Board of Directors to be the principal exchange upon which such security is listed or traded in; provided that where any such other exchange is outside Canada, prices thereon shall be converted into prices in lawful money of Canada adjusted to take into account the then prevailing market differential applicable in Canada to transactions in such security; provided always that in determining the market value of any security pursuant to the provisions of this paragraph, a deduction shall be made of an amount estimated to represent the recognized selling expense of such security, such estimate to be made pursuant to a method approved by the Board of Directors.

(c) The market value of any security, no provision for the valuation of which is contained in (a) or (b) above, shall be determined by the best available quotation or method approved by or pursuant to the direction of the Board of Directors.

(d) Dividends declared but not yet received, or rights in respect of securities which are quoted ex-dividend or ex-rights, shall be included at the value thereof as determined by or pursuant to the direction of the Board of Directors.

(e) The value of any other assets of GIS shall be determined in such manner as may be approved from time to time by or pursuant to the direction of the Board of Directors.

(f) If the sale of shares issued by GIS shall at any time be discontinued, the Board of Directors may in its discretion, pursuant to resolution, deduct from the value of the assets listed in (a), (b), (c), (d) and (e) above, an amount equal to the brokerage commissions, transfer taxes and charges, if any, which would be payable on the sale of such securities if they were then being sold.

The redemption price paid upon redemption of Mutual Fund Shares shall be that prevailing on the day following the date of surrender of the certificate properly signed or endorsed for redemption; provided however that if the day following such surrender is not a full business day, then such redemption price shall be that prevailing on the next full business day; and provided further that, during any period of emergency, the Board of Directors may suspend for the period of emergency, determination of "net asset value" for the redemption of Mutual Fund Shares. Any determination made in good faith by or pursuant to the direction of the Board of Directors as to the amount of the assets, debts, obligations or liabilities of GIS, as to the amount of any reserves or charges set up and the propriety thereof, as to the use, alterations or cancellations of any reserves or charges (whether or not any debt, obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged or shall then or thereafter be required to be paid or discharged), as to the price or closing bid and asked prices, as to the value of any security or asset of GIS, or as to any other matters relating to the issue, sale, redemption, liquidation, purchase or acquisition or disposition of securities of GIS, shall be final and conclusive and shall be binding upon GIS and all holders of securities issued by it, past, present and future, and securities of GIS shall be issued and sold on the condition and understanding, evidenced by the acceptances of certificates or contracts for such securities, that any and all such determinations shall be binding as aforesaid.

Upon redemption of Mutual Fund Shares or Preferred Shares of GIS, GIS certifies to the Secretary of State of Canada the number of such shares so redeemed and the shares so redeemed are immediately cancelled and are not re-issued or re-sold.

18. RIGHTS, PRIVILEGES, LIMITATIONS, ETC., ATTACHED TO PREFERRED SHARES OF GIS:

(a) **Preferential Dividend:** The holders of the Preferred Shares shall be entitled to receive only when, as and if declared by the Directors out of the net profits or surplus of GIS properly applicable to the payment of dividends, a fixed preferential non-cumulative dividend at the rate of five per cent (5%) per annum on the amount paid up thereon.

(b) **Liquidation Rights and Redemption Provisions:** In the event of any liquidation, dissolution or winding up of GIS, the holders of the Preferred Shares shall be entitled to receive an amount

equivalent to the capital paid thereon before any amount shall be paid to the holders of Common or Mutual Fund Shares and no more.

GIS may, at its option, at any time or times, redeem the whole or any part of the Preferred Shares without the consent of the holders thereof on payment for each Preferred Share to be redeemed of the amount paid up on such share plus any dividend or dividends at the rate aforesaid which may have been declared thereon and remain unpaid. In the case of a partial redemption the shares to be redeemed shall be selected by lot in such manner as the Directors may determine or in the discretion of the Directors may be redeemed pro rata, disregarding fractions, and the Directors may make any necessary adjustments to avoid redemption of fractional parts. Any Preferred Shares so redeemed shall be cancelled and may not be re-issued or resold.

The Preferred Shares shall rank, both as regards dividend and return of capital, in priority to all other shares of GIS but shall not confer any further right to participate in profits or assets.

- (c) **Voting Rights:** Except as otherwise expressly provided by law, the holders of the Preferred Shares shall have no right to receive notice of annual or special general meetings of the shareholders of GIS or to vote thereat for the election of Directors or for any other purpose, provided, however, that if GIS shall fail to pay a dividend on the Preferred Shares for two (2) consecutive years, the registered holders of the Preferred Shares shall have the right to vote at all annual or special general meetings of the Shareholders of GIS and to receive notice thereof and each registered holder of Preferred Shares shall in such case be entitled to one (1) vote for each Preferred Share registered in his name and such right shall continue until GIS shall have paid a dividend on the Preferred Shares whereupon the said right to vote and receive notice of meetings shall cease until such time as GIS shall again fail to declare and pay a dividend as aforesaid, when such right to vote and receive notice of meetings shall revive, and so on from time to time.
- (d) **Power to Amend Terms, Conditions and Rights:** GIS may at any time or times and from time to time by by-law or by-laws sanctioned by at least two-thirds (2/3) of the votes cast in person or by proxy at a special general meeting of the holders of the Preferred Shares, authorize an application for supplementary letters patent adding to or altering in any manner the terms, conditions and rights attaching to the Preferred Shares as aforesaid and, without restricting the foregoing generality, creating additional or other preferred shares ranking in priority to or pari passu with the said Preferred Shares.

19. RIGHTS AND PROVISIONS OF COMMON SHARES OF GIS:

- (a) **Voting Rights:** At all meetings of the shareholders, each shareholder shall be entitled to one (1) vote for each Common Share registered in his name on the books of GIS.
- (b) **Other Provisions:** The Common Shares shall not be subject to redemption or purchase for cancellation. In all other respects, the Common Shares shall rank equally with the Mutual Fund Shares of GIS and shall be entitled to participate share for share with the said Mutual Fund Shares with respect to any and all payments made to shareholders of GIS, whether by way of dividends, or by way of distribution of capital.

20. RIGHTS, PRIVILEGES, LIMITATIONS, ETC., ATTACHED TO UNITS OF GIS (COMPOUND):

- (a) **Automatic Dividend Reinvestment:** GIS (Compound) reinvests the bulked net proceeds received from its holdings of GIS in additional shares of GIS at net asset value, as described in Para. 10.

- (b) **Voting Rights:** At all meetings of the shareholders, each Unitholder shall be entitled to one vote for each Unit registered in his name.
- (c) **Redemption Rights:** Units shall be redeemed at the option of the holders at any time prior to the happening of an event of termination under the provisions of the Indenture. If a Unitholder wishes to have his Units redeemed he shall surrender his certificate to the Trustee with the request that the same be redeemed. The Trustee shall pay to the Unitholder out of the moneys available under the Indenture the redemption value of each Unit represented by the surrendered certificate within two full business days after the day of surrender. The redemption value of each Unit shall be an amount equal to the per Unit net asset value on the first full business day after the day of surrender on which The Toronto Stock Exchange is in session. If at any time there is not sufficient money in the capital account for such purposes, a sufficient amount of securities shall be sold to place in such capital account at least the amount of money necessary for the purpose of redemption of Units. Where certificates are registered in more than one name the redemption moneys shall be deemed to be owing to the holders of such certificates upon a joint account and may be paid to either or any such registered holder and the payment to and/or receipt of such registered holder shall constitute a valid discharge to the Trustee for the sum so paid. For the purpose of this sub-paragraph the term "Trustee" shall include any agent appointed thereby.
- (d) **Conversion Rights:** Unitholders of GIS (Compound) may exchange all or any part of their Units for Mutual Fund Shares of GIS at equivalent per share and per Unit net asset values.
- (e) **Certificates:** Certificates for Units shall be issued in registered form, and no certificates shall be issued in bearer form.
- (f) **Termination of Trust:** The trust created by the Indenture shall be terminated by any of the following events: (1) if the capital thereof is less than \$500,000 and the Manager by notice in writing directs the Trustee to terminate; (2) if there are no outstanding certificates; (3) if termination is called for by a resolution of the Unitholders; (4) in the event the Trustee shall resign or be removed and a replacement therefor not appointed by the Manager or the Unitholders; (5) if the Manager should resign and the Unitholders not appoint a new Manager within 12 months of such resignation; or (6) if the Manager shall become insolvent or bankrupt unless within three months thereof the Unitholders shall appoint a new Manager.
- (g) **Power to Amend Indenture:** The Unitholders have the power to make certain changes in the Indenture and may assent to any change in the Indenture which shall be agreed to by the Manager and the Trustee. The Manager and the Trustee may without reference to the Unitholders change the provisions of the Indenture if such change is in the opinion of the Trustee beneficial to the Unitholders' tax position or for the purpose of complying with any statute or order or for the purpose of overcoming difficulties in the administration of the trust, provided that such change does not in the opinion of the Trustee alter the rights of the Unitholders thereunder.

21. DIVIDEND POLICY OF GIS:

The GIS dividend policy is aimed at providing shareholders with dividends totalling not less than 5% per annum on the average daily offering price of GIS shares in each calendar year. These dividends, when declared and paid, will be of two types. Individual "income" dividends will be paid to the extent that earnings are available. The balance will be paid in the form of individual "stock" dividends. It

is intended that these issues of Preferred Shares be automatically redeemed from the Company's capital redemption account, immediately after issue, and the proceeds paid in cash. Redemption of Preferred Shares out of the capital redemption account will, under certain circumstances, constitute a partial return of the amount paid by the investor.

Dividends will normally be paid at quarterly intervals. However at the written request of any individual holder of 1000 or more GIS shares, the National Trust Company, Limited will divide each subsequent quarterly dividend into three equal cheques and mail them at monthly intervals. This service is provided particularly to assist the income budgeting problem of retired investors.

Following is a table showing the present schedule of Record dates and Payment dates in respect to each quarterly or monthly distribution for the calendar year of 1968:—

QUARTERLY		MONTHLY		
Date of Record	Quarterly Payment	Optional Monthly Payments Each 1/3 of Quarterly Payment		
Mar. 8	Mar. 29	Mar. 29	Apr. 30	May 31
June 7	June 28	June 28	July 31	Aug. 30
Sept. 6	Sept. 30	Sept. 30	Oct. 31	Nov. 29
Dec. 6	Dec. 31	Dec. 31	Jan. 31	Feb. 28

22. DIVIDEND RECORD OF GIS:

The particulars of dividends paid per share to shareholders of record of GIS during the calendar years from commencement of business (adjusted for 2-for-1 split effected October 1955) are as follows:

	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Income Dividends	3.50c	9.55c	11.25c	10.25c	10.00c	10.25c	10.00c	13.70c	10.45c	9.50c	9.55c	8.50c
Stock Dividends	—	—	—	10.00c	12.14c	10.00c	10.00c	10.00c	10.00c	11.00c	10.00c	11.50c
Total	3.50c	9.55c	11.25c	20.25c	22.14c	20.25c	20.00c	23.70c	20.45c	20.50c	19.55c	20.00c
						1964	1965	1966	1967	1968		
Income Dividends						8.50c	7.25c	8.25c	5.50c	*3.00c		
Stock Dividends						14.00c	16.25c	11.50c	16.50c	*2.50c		
Total						22.50c	23.50c	19.75c	22.00c	*5.50c		

*March 29, 1968.

23. SOURCE OF INCOME AND STOCK DIVIDENDS:

The source of the Income Dividends is the net dividend and interest income from the securities held in the GIS portfolio. Stock dividends are paid out of Capital Redemption Account. This account is credited with the excess of the net proceeds from the sale of shares over the par value thereof and charged with the excess of the amounts paid on redemption of shares over their par value and is charged with the par value of Preferred Shares which are redeemed. This account also has credited or charged thereto the gains or losses on the sale of the securities held in the GIS portfolio.

For the amount of any dividend which the Directors may lawfully declare payable in money, they may declare a stock dividend, and issue therefor Preferred Shares of GIS as fully paid, or credit the amount of such dividend in whole or in part on any Preferred Share or Shares of GIS already issued but not fully paid and in such case the liability of the holders of such Preferred Shares shall be reduced by the amount of such dividend. The total of 4,288,601 Preferred Shares of a par value of 50¢ each have been issued as fully paid as stock dividends to the holders of Mutual Fund and Common Shares during the two years immediately preceding March 31, 1968, and all have been redeemed at par. Further Preferred Shares may be issued as stock dividends for an undetermined amount.

24. RECORD OF INCOME REINVESTED BY GIS (COMPOUND):

The income per Unit beneficially received by and invested for Unitholders of GIS (Compound) during the calendar years since re-commencement of the sale of its units (see Note 2, page 30) was as follows:

*1965	13.199¢ per Unit
1966	45.078¢ per Unit
1967	48.441¢ per Unit
**1968	12.485¢ per Unit
*October 1 to December 31	
**to March 31	

25. DIRECTORS OF GIS AND GOVERNORS OF GIS (COMPOUND):

The names, home addresses, affiliations as of the present date and business experience in the last five years of each of the Directors of GIS and Governors of GIS (Compound) are as follows:

THE HONOURABLE
LOUIS PHILIPPE BEAUBIEN,
Chairman of the Board
SENATOR, SENATE OF CANADA
1 Ontario Place, Montreal, P.Q.

Director, Canadair Limited
Director, Canada & Dominion Sugar Company Limited
Director, Holt, Renfrew & Co. Limited
Director, Empire Life Insurance Company
Director, Belding-Corticelli Limited
Director, Marshall Steel Company Limited
Director, Beauبران Corporation
Director, Beaubien Limitée
Director, M. G. F. Management Limited
Director, Standard Trust Company
Director, Merit Insurance Company
Director, Inter City Papers Ltd.
Governor, Funds of Mutual Funds Management Corporation Limited

SIR MICHAEL BUTLER, Bart.

VICE-PRESIDENT

ONE OF HER MAJESTY'S COUNSEL

2521 Point Grey Road, Vancouver, B.C.

Associate, Farris, Farris, Vaughan, Taggart, Wills & Murphy, Vancouver, B.C.

Director and Secretary, M.G.F. Management Limited

Director and Secretary, Pickle Crow Gold Mines Limited

Vice-President and Director, Place Gas & Oil Co. Ltd.

Director and Secretary, Teck Corporation Limited

Director, Varian Associates of Canada Ltd.

Vice-Chairman and Governor, Funds of Mutual Funds Management Corporation Limited

JOHN FIRSTBROOK ELLIS

EXECUTIVE

40 Chestnut Park Road, Toronto, Ontario.
President, Henry Birks & Sons (Ont.) Ltd.
Member of Advisory Board, The Royal Trust
Company
Director, The Phoenix of London Group
Director, M.G.F. Management Limited
Governor, Funds of Mutual Funds Management
Corporation Limited

ARTHUR RUSSELL HARRINGTON

EXECUTIVE

2350 Armcrescent W., Halifax, N.S.
President, General Manager and Director, Nova
Scotia Light & Power Company Limited
Vice-President and Director, Halifax Developments
Limited
Director, Nova Scotia Savings & Loan Company
Director, Nova Scotia Trust Company
Director, Fairey Canada Limited
Governor, Funds of Mutual Funds Management
Corporation Limited

ALAN DON JOHNSTONE

SECRETARY

EXECUTIVE

1761 Ottawa Ave., West Vancouver, B.C.
President, Mutual Funds Management Corporation
Limited
President, Grouped Fund Distributors Limited
Vice-President, M.G.F. Management Limited
Secretary and Governor, Funds of Mutual Funds
Management Corporation Limited

FREDERICK WILLIAM PRYCE JONES

PROFESSOR, Formerly Dean of the School of Business
Administration, University of Western Ontario.
35 Doncaster Ave., London, Ontario.
Director, Holiday Inns (Ont.) Ltd.
Director, Canadian Pittsburgh Industries Limited
Director, M.G.F. Management Limited
Director, Delta Acceptance Corporation Limited
Director, Economic Investment Trust Ltd.
Director, Ellis-Don Limited

Director, Northern Life Assurance Company
Director, Scudder International Fund
Director, Avco Inc.
Director, Emco Ltd.
Director, Ontario Loan & Debenture Co.
Director, Silverwood Dairies Ltd.
Director, Supertest Petroleum Corp.
Director, Union Gas Ltd.
Director, General Products Mfg. Co. Ltd.
Governor, Funds of Mutual Funds Management
Corporation Limited

JOHN CHARLES MAYNE

EXECUTIVE

1004 Prospect Ave., Calgary, Alberta.
Chairman, Calgary Brewing and Malting Company
Limited
Chairman, Alberta Gas Trunk Line Company
Limited
Director, Canadian-Montana Gas Co. Ltd.
Director, Saratoga Processing Company Limited
Director, Western Pacific Products & Crude Oil
Pipelines Ltd.
Director, Canadian Breweries Ltd.
Director, M.G.F. Management Limited
Governor, Funds of Mutual Funds Management
Corporation Limited

VICTOR FREDERICK MacLEAN

EXECUTIVE

2106 S.W. Marine Drive, Vancouver, B.C.
President, Kelly Douglas & Co. Ltd.
President, Kelly Confections Co. Ltd.
President, Nabob Holdings Ltd.
President, Super-Valu Stores (B.C.) Ltd.
Director, Dickson Importing Co. Ltd.
Director, Murray Co., Ltd.
Director, Pacific Cartage Ltd.
Director, Fidelity Life Insurance Company
Director, Lafarge Cement of North America Ltd.
Director, Crown Zellerbach Canada Ltd.
Member, Vancouver Advisory Board, National
Trust Company Limited
Governor, Funds of Mutual Funds Management
Corporation Limited

GEORGE BEVERLY McKEEN

EXECUTIVE

5376 Angus Drive, Vancouver, B.C.
President, McKeen & Wilson Ltd.
President, Straits Towing Limited (Marine)
President, Waterfront Terminals Ltd.
Director, B.C. Marine Engineers & Shipbuilding Ltd.
Director, B.C. Ice & Cold Storage Ltd.
Director, Nanaimo Towing Ltd.
Director, Dawson Construction Ltd.
Director, Freehold Gas & Oil Ltd.
Governor, Funds of Mutual Funds Management Corporation Limited

FRANK HOYSE SOBEY,

MERCHANT

Abercrombie, N.S.
Chairman, Sobeys Stores Limited
Chairman, Deuterium of Canada Limited
President, Industrial Estates Limited
President, Empire Company Limited
Director, Dominion Steel & Coal Corp. Ltd.
Director, Anthes Imperial Limited
Director, Dominion Textile Company Ltd.
Director, International Bronze Limited
Director, Dominion Coal Co. Limited
Director, Warnock, Hersey International Ltd.
Director, Tibbetts Paints Limited
Director, Nova Scotia Trust Co.
Director, Ferguson Industries Limited
Director, Canadian Salt Co. Limited
Director, Canadian Rock Salt Co., Limited
Director, Fraser Companies Ltd.
Director, Maritime Telegraph and Telephone
Director, A Canadian Chartered Bank
Governor, Funds of Mutual Funds Management Corporation Limited

ALVIN JOSEPH WALKER

EXECUTIVE

4353 Westmount Avenue, Westmount, P.Q.
Chairman, Holt, Renfrew and Co. Limited
Director, Windsor Hotel
Director, Commerce & Industry Insurance Co.
Director, Canadian Fur Investments Ltd.
Director, Sherbrooke-Crescent Corp.
Director, Imperial Trust Co.
Director, Scott-Lasalle Ltd.
Director, Home Oil Co. Ltd.
Director, Tenir Limitée
Governor, Funds of Mutual Funds Management Corporation Limited

NORMAN EUGENE WHITMORE

EXECUTIVE

59 Academy Park Road, Regina, Saskatchewan
President, Whitmores Limited
President, Wascana Investments Limited
Director, Molson Breweries Limited
Director, Canadian Pacific Railway Company
Member, Advisory Board, Canada Permanent Trust Company
Governor, Funds of Mutual Funds Management Corporation Limited

LOWELL JAMES WILLIAMSON

PRESIDENT

EXECUTIVE

R.R. No. 3, Calgary, Alberta
Chairman, Mutual Funds Management Corporation Limited
Chairman, Grouped Fund Distributors Limited
President, M.G.F. Management Limited
President, Freehold Gas & Oil Ltd.
Chairman and Governor, Funds of Mutual Funds Management Corporation Limited

The Officers of GIS are: The Honourable Louis Philippe Beaubien, Chairman; Lowell J. Williamson, President; Sir Michael Butler, Bart., Vice-President; B. W. Wilson, Treasurer; and Alan D. Johnstone, Secretary. The home addresses, affiliations as of the present date, and business experience of these Officers in the last five years are as shown in Paras. 25 and 26.

26. OFFICERS AND DIRECTORS OF THE MANAGER:

The names, home addresses, affiliations as of the present date, and business experience in the last five years of each of the directors and officers of the Manager, Grouped Fund Distributors Limited, are as follows:

LOWELL JAMES WILLIAMSON, *Director and Chairman

R.R. 3, Calgary, Alberta.

Chairman, Mutual Funds Management Corporation Limited

President, M.G.F. Management Limited

President, Grouped Income Shares Limited

President, Freehold Gas & Oil Ltd.

Chairman and Governor, Funds of Mutual Funds Management Corporation Limited

ALAN DON JOHNSTONE, *Director and President
1761 Ottawa Ave., West Vancouver, B.C.

President, Mutual Funds Management Corporation Limited

Vice-President, M.G.F. Management Limited

Secretary and Governor, Funds of Mutual Funds Management Corporation Limited

Secretary, Grouped Income Shares Limited

ERNEST KITCHENER HAYMAN, *Director and Vice-President*

163 Collier Street, Toronto 5, Ontario.

Vice-President, Mutual Funds Management Corporation Limited

Formerly: President, C.A.P. Limited

JOHN DUNCAN McNEIL, *Director, Vice-President, and Investment Manager*

37 Roxborough St. E., Toronto, Ont.

Vice-President, Mutual Funds Management Corporation Limited

Director, Laurentide Financial Corp. Ltd.

John D. McNeil is responsible for the buying and selling of the securities of the Fund, in accordance with advice of the Board of Directors. His five year business experience (all of which was in an investment advisory capacity) is as follows:

1962-1963 *Supervisor, Sun Life Assurance Company of Canada*

1963-1966 *Assistant Treasurer, Sun Life Assurance Company of Canada*

1966-1968 *Investment Manager, subject company, and*

1967-1968 *Investment Manager, Mutual Funds Management Corporation Limited*

BARRIE WAYNE WILSON, *Director, Treasurer and Secretary*

2939 Lindsay Drive, Calgary, Alberta.

Secretary-Treasurer, Mutual Funds Management Corporation Limited

Treasurer, Grouped Income Shares Limited

Treasurer, M.G.F. Management Limited

Formerly: Staff Chartered Accountant, a national firm of Chartered Accountants.

*Also a member of the Board of Directors of GIS and a Governor of GIS (Compound).

27. REMUNERATION OF OFFICERS AND DIRECTORS:

The By-laws of GIS provide that remuneration of all or any of the Directors of the Company shall be determined from time to time by resolution of the Board of Directors. No officer of GIS has received or is entitled to receive remuneration in excess of \$10,000.00 per annum. There is no provision in the Indenture for remuneration of the Governors of GIS (Compound), nor is any remuneration paid or proposed to be paid to them.

The aggregate remuneration paid by GIS during its last completed financial year to directors and officers of GIS was \$15,523. The aggregate remuneration estimated to be payable for five months ended July 29th, 1968 is \$8,300 and for the year ended March 31, 1969, \$20,000.

28. CUSTODIAN OF PORTFOLIO SECURITIES:

The securities and cash of GIS are retained by, held in the name of, and are at all times under the direct control of National Trust Company, Limited, 21 King St. E., Toronto, Ont.

The securities (consisting solely of GIS shares) and cash of GIS (Compound) are held by and under direct control of Crown Trust Company, 393 St. James Street, West, Montreal, Quebec.

29. FUNCTIONS PERFORMED FOR THE FUNDS BY THE MANAGER:

Grouped Fund Distributors Limited is the Manager and Selling Agent of GIS and the Manager of GIS (Compound) and as such, provides research, accounting, sales and management services and acts as investment adviser to the Board of Directors of GIS. These functions are performed as follows:

Portfolio Management:—The Manager maintains its own Investment Department in its office at 111 Richmond Street, West, Toronto, Ontario, under direction of John D. McNeil, M.A., a Vice-President and Director of Grouped Fund Distributors Limited. This Department, which is engaged in investment research and analysis, provides investment recommendations and advice to the Board of Directors of GIS. Although the ultimate responsibility for decisions involving the purchase and sale of securities lies with Board of Directors, which may act in accordance with the recommendations of the Investment Department, the staff of the Investment Department is responsible for giving effect to such decisions by placing the requisite buying and selling orders. Any purchase or sale of securities for the portfolio of GIS must be authorized and signed by an officer of the Manager. On receipt of such authorization the Trustee, in the event of a purchase, makes payment against delivery of the certificates and, in the event of a sale, makes delivery of the certificates against payment.

To the extent possible, the securities transactions of GIS are placed by the Investment Department with principal investment dealers who are members of the Toronto and/or Montreal Stock Exchanges in a ratio approximating their sales of Mutual Fund Shares of GIS and Units of GIS (Compound).

A proportion of brokerage allocation may be paid to investment dealers and stock brokers to defray the cost of statistical and other research services furnished to the Investment Department.

The total cost of securities acquired and the total proceeds of securities disposed of by GIS during the five years ended March 31, 1968 were:

Year Ended

Mar. 31	Cost of Purchases	Proceeds of Sales
1964	\$ 5,281,455	\$ 4,945,173
1965	21,219,654	20,901,194
1966	23,140,097	19,537,581
1967	20,404,837	20,979,781
1968	11,554,051	12,838,767

Accounting and Administration:—The Manager is responsible for providing complete office administration, accounting, and premises, for the carrying on of the business of the Funds. The staff of the Vancouver, B.C., office provides these services under direction and supervision of B. W. Wilson, C.A., the Treasurer of GIS and the Treasurer and Secretary of the Manager. Duties of this office include maintenance of complete accounting records, for all transactions of GIS and GIS (Compound), processing of sales and redemptions of shares and units, the daily evaluation and pricing of the Funds, and the preparation of quarterly reports, annual reports and prospectuses.

Sales:—The Manager provides sales promotion, service, and instruction in sales techniques to the investment dealers comprising its Selling Group through the staff of its offices in Toronto, Ontario, and Montreal, P.Q. These facilities are under the direction of E. K. Hayman, M.B.A., based in the Toronto office, who is Director of Sales and a Vice-President of the Manager, assisted by R. J. Desmarais, M.Comm., who is manager of the Montreal office.

30. MANAGEMENT AGREEMENT:

The services and functions performed by the Manager for GIS, as set forth in Para. 29, are provided under terms of an Agreement dated May 12, 1964, as amended, between Grouped Income Shares Limited and Grouped Fund Distributors Limited. This provides for payment to the Manager of commissions on the sale of Mutual Fund Shares of GIS and Units of GIS (Compound) as set forth in Paras. 7 and 8.

Under this Agreement, which is terminable by either party upon two years' written notice, the Manager is paid for managerial services a monthly fee of $1/25$ of 1% of the value of the total net assets of GIS determined and payable as of the close of business on the last day of each month, such determination to be made by the Manager and certified and/or revised annually by the Auditors of GIS at the time of the annual audit.

In addition, the Manager is paid annually, if earned, a performance fee being a percentage of the value of the total net assets of GIS at the close of business on March 31st in each year, commencing with the year ended March 31, 1969, as determined by the Auditors of GIS. This performance fee is based on the Differential representing in each annual period the percentage degree by which the value of a mutual fund share of GIS (after adding back in all dividends and/or distributions paid out thereon) out-performs the percentage change in the Toronto Stock Exchange Industrial Index, subject to the following:

- If the Index change out-performs the GIS change of value in any annual period, the difference is applicable to decrease the Differential in the succeeding annual period or periods; and
- If payment of the performance fee would cause in any year the resultant aggregate fees and other expenses payable by GIS during such year to exceed the maximum permitted under the rules and regulations of any statutory authority in any jurisdiction in which Mutual Fund Shares of GIS or

units of GIS (Compound) are distributed, the amount payable as a performance fee is reduced to conform with such rules and regulations and the difference between the Differential in such year and a deemed Differential based upon the amount paid is applicable to increase the Differential in the succeeding annual period or periods.

Such performance fee, if any, payable annually in arrears and calculated at the end of each annual period, varies from 1/20 of 1% if the Differential is one or more and less than two to 3/5 of 1% of the Differential is ten or more.

No fees for managerial services are charged by the Manager for services provided to GIS (Compound). In the year ended March 31, 1968, fees in an aggregate amount of \$140,299 were paid by GIS to the Manager.

In the year ended March 31, 1967, fees in an aggregate amount of \$129,655 were paid by GIS to the Manager.

No services have been rendered nor are any proposed to be rendered which have been paid for or are to be paid for by securities of the Funds. As the proceeds of the issue of the Mutual Fund Shares of GIS and Units of GIS (Compound) offered by this Prospectus will form part of the assets of the respective Funds, services rendered or to be rendered to the Funds in the ordinary course of business may be paid for wholly or partly out of such proceeds.

31. PRINCIPAL HOLDERS OF SHARES OF GIS:

No one person or company as of July 15, 1968 owned of record or beneficially, directly or indirectly, more than 10% of the outstanding Mutual Fund Shares of GIS.

Grouped Fund Distributors Limited, the Manager, as of July 15, 1968, owned of record 1,983 (99.15%) and owned beneficially 17 (.85%) of the 2,000 Common Shares of GIS authorized and outstanding, representing in aggregate 100% of the Common Shares of GIS.

None of the Directors of GIS or Governors of GIS (Compound) has any interest in the promotion of, or in any property acquired or proposed to be acquired by the Funds unless Lowell J. Williamson be taken as having such an interest by reason of his interest in M.G.F. Management Limited and its interest in Grouped Fund Distributors Limited referred to in paragraph 32.

No amount has been or is intended to be paid to any promoter as such.

32. PRINCIPAL HOLDERS OF SHARES OF THE MANAGER:

Grouped Fund Distributors Limited, incorporated under the laws of Canada by Letters Patent dated November 30, 1951, has voting control of GIS and is the Manager of GIS (Compound). M.G.F. Management Limited is the beneficial owner of all the issued shares of Grouped Fund Distributors Limited. Lowell J. Williamson, President and Director of GIS and a Governor of GIS (Compound) has voting control of M.G.F. Management Limited and is therefore in a position to or is entitled to cause to be elected the Board of Directors of GIS and is the only person having more than a 5% voting interest in M.G.F. Management Limited.

33. REGISTRAR AND TRANSFER AGENTS:

The Registrar of GIS is National Trust Company Limited, and Transfer Agencies are maintained by National Trust Company, Limited at Vancouver, B.C.; Calgary, Alta.; Winnipeg, Man.; Toronto, Ont. and Montreal, P.Q.; and by Canada Permanent Trust Company at Saint John, N.B. and Halifax, N.S. The Registry and Transfer Offices of GIS (Compound) are located at the principal offices of Crown Trust Company in Montreal, Toronto, Vancouver, Calgary and Winnipeg. The Trustee has also ap-

pointed Trust General du Canada with offices at Montreal, P.Q. and Quebec City, P.Q. and Canada Permanent Trust Company, Halifax, N.S. to be its agents.

34. AUDITORS OF THE FUNDS:

The Auditors of the Funds are Messrs. Riddell, Stead, Graham and Hutchison, Chartered Accountants, 505 Burrard St., Vancouver, B.C.

35. MATERIAL CONTRACTS:

No material contract has been entered into by the Funds within the two years prior to the date of this Prospectus, except for an Agreement dated June 21, 1968 amending the Agreement referred to in Para. 30. This provided for a reduction in the basic management fee from the previous 1/8 of 1% quarterly and the institution of a performance fee, as described in Para. 30. These agreements may be inspected during business hours at the office of the Manager, 1177 West Hastings Street, Vancouver 1, B.C., or at the principal offices of National Trust Company Limited.

36. REPORTS TO SHAREHOLDERS:

Shareholders and Unitholders will be provided with an Annual Report for the fiscal period ended March 31st, including audited Financial Statements. An Interim Report on the progress of the Funds will be furnished quarterly.

37. PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION:

The attention of purchasers in the Provinces of Ontario, Alberta and Saskatchewan of any of the securities offered by this Prospectus is drawn to certain provisions of The Securities Act, 1966 (Ontario), The Securities Act, 1967 (Alberta) and The Securities Act, 1967 (Saskatchewan), which provide such purchasers with:

- (a) the right to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus is received by the purchaser or his agent; and
- (b) The right to rescind the agreement of purchase by institution of legal proceedings within ninety days from the later of the date of receipt of the prospectus or amended prospectus by the purchaser or his agent or the date of the agreement of purchase, if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of these statutory provisions are contained, respectively, in Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 63 and 64 of The Securities Act, 1967 (Alberta) and Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan).

The attention of purchasers in the Province of British Columbia of any of the securities offered by this Prospectus is drawn to certain provisions of the Securities Act, 1967 (British Columbia) which provide such purchasers with a right of rescission essentially similar to that summarized in paragraph (b) above. In addition, such purchasers are given the right to rescind a contract for the purchase of a security where the relevant prospectus was not delivered or notice thereof given to the purchaser, provided that written notice of intention to commence an action for rescission of the contract is served on the person who contracted to sell the security within 60 days of the date of delivery of written confirmation of sale and, further provided that the purchaser is still the owner of such security. No such action may be commenced after the expiration of three months from the date of service of such notice of intention. The full text of the relevant statutory provisions of the Securities Act, 1967 (British Columbia) are contained in Sections 61 and 62 thereof.

AUDITORS' REPORT

To the Directors of
Grouped Income Shares Limited

To the Governors of
Grouped Investment Shares (Compound)

We have examined the following financial statements:

GROUPED INCOME SHARES LIMITED

Balance sheet as at March 31, 1968 with supporting schedule of portfolio of investments

Statement of income and earned surplus from April 1, 1963 to March 31, 1968

Statement of capital redemption account from April 1, 1963 to March 31, 1968

Statement of unrealized appreciation (depreciation) of investments from April 1, 1963 to March 31, 1968

Statement of changes in net assets from April 1, 1963 to March 31, 1968

GROUPED INVESTMENT SHARES (COMPOUND)

Balance sheet as at March 31, 1968

Statement of income from October 1, 1965 to March 31, 1968

Statement of unrealized appreciation (depreciation) of investment from October 1, 1965 to March 31, 1968

Statement of changes in net assets from October 1, 1965 to March 31, 1968

Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of Grouped Income Shares Limited and Grouped Investment Shares (Compound) as at March 31, 1968 and the results of their operations and the changes in their net assets for the periods indicated, in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta

May 10, 1968

RIDDELL, STEAD, GRAHAM & HUTCHISON

Chartered Accountants

GROUPED INCOME SHARES LIMITED

Balance Sheet as at March 31, 1968

ASSETS AND LIABILITIES

INVESTMENTS - At market value, per schedule attached	1968	1967
(Average cost March 31, 1968 - \$25,551,623; March 31, 1967 - \$24,574,771)	\$25,257,081	\$26,627,711
CURRENT ASSETS		
Cash	432,863	658,843
Due from brokers	217,798	487,823
Income receivable	130,621	110,850
Refundable tax	6,129	4,578
	<u>787,411</u>	<u>1,262,094</u>
CURRENT LIABILITIES		
Due to brokers	69,883	61,440
Due to Grouped Fund Distributors Limited	4,973	10,605
Other accounts payable	16,893	22,119
Income taxes	13,156	44,926
	<u>104,905</u>	<u>139,090</u>
Current assets less current liabilities	682,506	1,123,004
TOTAL NET ASSETS	<u>\$25,939,587</u>	<u>\$27,750,715</u>

MEMBERS' EQUITY

CAPITAL STOCK (Notes 1, 2 and 3)				
Common shares — authorized and issued				
2,000 shares, 50 cents par value			\$ 1,000	\$ 1,000
	Shares			
	March 31	March 31		
	1968	1967		
Mutual fund shares, 50 cents par value				
Authorized, less issued and redeemed	15,590,078	16,653,272		
Issued and outstanding	6,974,134	7,100,827	3,487,067	3,550,413
Preferred shares - 5% non-cumulative redeemable at 50 cents par value				
Authorized, less issued and redeemed	8,145,445	10,450,100		
Issued and outstanding	Nil	Nil	—	—
CAPITAL REDEMPTION ACCOUNT (Note 1)			22,746,062	22,146,362
UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS			(294,542)	2,052,940
EARNED SURPLUS , per statement			—	—
			<u>\$25,939,587</u>	<u>\$27,750,715</u>
NET ASSET VALUE PER SHARE			<u>\$3.72</u>	<u>\$3.91</u>

Signed on behalf of the Board:
L. J. Williamson, Director
A. D. Johnstone, Director

The accompanying notes are an integral part of the financial statements.

GROUPED INCOME SHARES LIMITED

Statement of Income and Earned Surplus

	Year Ended March 31				
	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
INCOME FROM INVESTMENTS	\$ 676,632	\$ 868,088	\$ 809,320	\$ 672,771	\$ 604,057
EXPENSES					
Management fee—Grouped Fund					
Distributors Limited	140,299	129,655	131,225	113,860	95,949
Directors' fees and expenses	11,037	15,406	13,840	10,233	—
Trustees' fees	33,207	36,820	34,893	30,865	26,365
Legal and audit fees	2,319	10,078	6,451	11,909	3,834
Salaries	6,687	4,500	4,500	2,917	3,125
Printing and other expenses	18,030	9,254	7,586	7,561	2,927
	<u>211,579</u>	<u>205,713</u>	<u>198,495</u>	<u>177,345</u>	<u>132,200</u>
INCOME BEFORE PROVISION FOR TAXES	<u>465,053</u>	<u>662,375</u>	<u>610,825</u>	<u>495,426</u>	<u>471,857</u>
TAXES					
Foreign withholding tax	36,638	41,494	27,821	22,897	27,358
Canadian income tax	70,330	139,454	84,713	58,621	39,440
	<u>106,968</u>	<u>180,948</u>	<u>112,534</u>	<u>81,518</u>	<u>66,798</u>
NET INCOME	358,085	481,427	498,291	413,908	405,059
EARNED SURPLUS, beginning of year	—	—	—	—	—
Net dividend equalization adjustment					
transferred from (to) capital redemption					
account	(1,943)	5,782	22,197	5,275	6,728
Income taxes in respect of prior years	—	—	—	—	(7,609)
Dividends (Note 2)	<u>(356,142)</u>	<u>(487,209)</u>	<u>(520,488)</u>	<u>(419,183)</u>	<u>(404,178)</u>
EARNED SURPLUS, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of the financial statements.

GROUPED INCOME SHARES LIMITED

Statement of Unrealized Appreciation (Depreciation) of Investments

	For the Year Ended March 31,				
	1968	1967	1966	1965	1964
UNREALIZED APPRECIATION, beginning of year	\$ 2,052,940	\$ 3,728,145	\$ 5,048,604	\$ 3,893,134	\$ 1,379,654
Net change during year	(2,347,482)	(1,675,205)	(1,320,459)	1,155,470	2,513,480
UNREALIZED APPRECIATION (DEPRECIATION), end of year	<u>\$ (294,542)</u>	<u>\$ 2,052,940</u>	<u>\$ 3,728,145</u>	<u>\$ 5,048,604</u>	<u>\$ 3,893,134</u>

Statement of Changes in Net Assets

	For the Year Ended March 31,				
	1968	1967	1966	1965	1964
NET ASSETS, beginning of year	<u>\$27,750,715</u>	<u>\$28,555,094</u>	<u>\$24,830,014</u>	<u>\$21,474,024</u>	<u>\$17,990,307</u>
Increase					
Portfolio transactions					
Cost of portfolio securities owned, beginning of year	24,574,771	24,570,265	19,362,814	17,196,077	16,344,606
Cost of purchases of portfolio securities	<u>11,554,051</u>	<u>20,404,837</u>	<u>23,140,097</u>	<u>21,219,655</u>	<u>5,281,455</u>
	36,128,822	44,975,102	42,502,911	38,415,732	21,626,061
Cost of portfolio securities owned, end of year	<u>25,551,623</u>	<u>24,574,771</u>	<u>24,570,265</u>	<u>19,362,814</u>	<u>17,196,077</u>
Cost of portfolio securities sold	10,577,199	20,400,331	17,932,646	19,052,918	4,429,984
Proceeds on sale of portfolio securities	<u>12,838,767</u>	<u>20,979,781</u>	<u>19,537,600</u>	<u>20,901,196</u>	<u>4,942,998</u>
Gain on sale of portfolio securities	2,261,568	579,450	1,604,954	1,848,278	513,014
Net investment income	358,085	481,427	498,291	413,908	405,059
Sale of mutual fund shares	3,760,101	4,133,579	6,412,121	4,424,850	2,895,589
Net appreciation of investment portfolio	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,155,470</u>	<u>2,513,480</u>
	<u>34,130,469</u>	<u>33,749,550</u>	<u>33,345,380</u>	<u>29,316,530</u>	<u>24,317,449</u>
Decrease					
Redemption of mutual fund shares	4,305,693	2,870,555	1,973,202	3,181,944	1,803,459
Dividends (Note 2)	1,537,707	1,453,075	1,496,625	1,304,572	1,039,966
Net depreciation of investment portfolio	<u>2,347,482</u>	<u>1,675,205</u>	<u>1,320,459</u>	<u>—</u>	<u>—</u>
	<u>8,190,882</u>	<u>5,998,835</u>	<u>4,790,286</u>	<u>4,486,516</u>	<u>2,843,425</u>
NET ASSETS, end of year	<u>\$25,939,587</u>	<u>\$27,750,715</u>	<u>\$28,555,094</u>	<u>\$24,830,014</u>	<u>\$21,474,024</u>

The accompanying notes are an integral part of the financial statements.

GROUPED INCOME SHARES LIMITED

Statement of Capital Redemption Account

	Year Ended March 31				
	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
BALANCE, beginning of year (Note 1)	\$22,146,362	\$21,453,749	\$16,931,083	\$14,872,840	\$14,051,780
Add					
Proceeds on sale of mutual fund shares in excess of par value	3,291,850	3,596,392	5,658,183	3,904,658	2,516,394
Gain on sale of portfolio securities	<u>2,261,568</u>	<u>579,450</u>	<u>1,604,954</u>	<u>1,848,278</u>	<u>513,014</u>
	<u>27,699,780</u>	<u>25,629,591</u>	<u>24,194,220</u>	<u>20,625,776</u>	<u>17,081,188</u>
Deduct					
Payments on redemption of mutual fund shares in excess of par value	3,774,096	2,511,581	1,742,137	2,804,029	1,565,832
Net dividend equalization adjustment transferred to (from) earned surplus	(1,943)	5,782	22,197	5,275	6,728
Dividends (Note 2)	<u>1,181,565</u>	<u>965,866</u>	<u>976,137</u>	<u>885,389</u>	<u>635,788</u>
	<u>4,953,718</u>	<u>3,483,229</u>	<u>2,740,471</u>	<u>3,694,693</u>	<u>2,208,348</u>
BALANCE, end of year	<u><u>\$22,746,062</u></u>	<u><u>\$22,146,362</u></u>	<u><u>\$21,453,749</u></u>	<u><u>\$16,931,083</u></u>	<u><u>\$14,872,840</u></u>

The accompanying notes are an integral part of the financial statements.

GROUPED INCOME SHARES LIMITED

Notes to Financial Statements

1. Prior to December 27, 1967 and pursuant to the provisions of the company's letters patent and the Canada Corporations Act, the company, on redemption of preferred and mutual fund shares, created capital surplus in amounts equivalent to the par value of shares redeemed.

By supplementary letters patent dated December 27, 1967, the company is neither required to create capital surplus on share redemptions after that date nor required to maintain the balance of such surplus previously created. The balance in capital surplus account has therefore been transferred, with retroactive effect, to capital redemption account. Figures for 1967 and prior years have been restated in the financial statements to reflect the foregoing.

Concurrently, the company's authorized capital was reduced to 9,259,206 preferred shares, 16,023,898 mutual fund shares and 2,000 common shares, all of the par value of 50¢ each, by the cancellation of 11,740,794 preferred shares and 3,976,102 mutual fund shares previously issued and redeemed.

2. During the year ended March 31, 1968, the company paid the following dividends to holders of common and mutual fund shares:

<u>Date</u>		<u>Preferred Shares Issued</u>	<u>Rate Per Share (b)</u>	<u>Charged to</u>	
				<u>Earned Surplus</u>	<u>Capital Redemption Account</u>
June 30, 1967	One preferred share for each 9.0909 common and mutual fund shares	771,227	5.50¢	\$ —	\$ 386,959(a)
Sept. 29, 1967	Cash	—	2.50¢	175,876	—
	One preferred share for each 16.6667 common and mutual fund shares	419,667	3.00¢	—	211,047(a)
Dec. 29, 1967	One preferred share for each 9.0909 common and mutual fund shares	769,676	5.50¢	—	386,126(a)
March 29, 1968	Cash	—	3.00¢	180,266	24,214
	One preferred share for each 20.0000 common and mutual fund shares	344,085	2.50¢	—	173,219(a)
		<u>2,304,655</u>	<u>22.00¢</u>	<u>\$356,142</u>	<u>\$1,181,565</u>

(a) Includes cash payment in lieu of fractional preferred shares.

(b) The preferred shares issued were redeemed at par for cash immediately upon their issue.

3. The mutual fund shares of the company are redeemable at the holder's option at the net asset value per share at the date of redemption.

During the year ended March 31, 1968, the company issued 936,501 mutual fund shares for \$3,760,101 and redeemed 1,063,194 mutual fund shares for \$4,305,693.

4. Expenses for the year ended March 31, 1968 include \$15,523 paid as remuneration to directors and senior officers.

GROUPED INCOME SHARES LIMITED

Portfolio of Investments

As at March 31, 1968

SECURITY	Number of Shares	Average Cost	MARKET VALUE	
			Total	Percent
COMMON STOCKS				
AEROSPACE AND ELECTRONICS (13.52%)				
*C.T.S. Corporation	20,000	\$ 663,996	\$ 611,613	2.36%
*General Dynamics Corp.	20,000	1,116,895	1,071,675	4.13
*General Precision Equipment Corp.	20,000	652,937	863,294	3.33
*Gulton Industries Inc.	5,000	311,079	210,411	.81
*Lear-Siegler Inc.	10,000	288,134	395,112	1.52
*Ling-Temco-Vought Inc.	2,000	240,509	221,642	.85
Magna Electronics Corporation Limited	11,200	176,225	134,400	.52
DRUGS AND CHEMICALS (3.12%)				
*Deseret Pharmaceuticals Co. Inc.	4,000	170,232	172,659	.66
*Ethyl Corporation	15,000	669,189	474,947	1.83
*International Chemical and Nuclear Corporation	3,750	162,703	162,375	.63
ENTERTAINMENT (5.30%)				
*American Broadcasting Co. Inc.	4,000	403,306	206,757	.80
Famous Players Canadian Corp. Ltd.	15,000	381,780	675,000	2.60
*Twentieth Century-Fox Film Corp.	15,000	324,157	493,214	1.90
FINANCE AND INSURANCE (1.46%)				
Industrial Acceptance Corporation	6,000	156,914	106,500	.41
Industrial Life Assurance Co.	17,000	588,935	272,000	1.05
FOOD AND MERCHANDISING (14.35%)				
*Arlans Department Stores Inc.	32,000	772,679	969,920	3.74
Crush International Ltd.	59,000	768,238	818,625	3.16
*Genesco Incorporated	15,000	577,789	617,025	2.38
Harvey's Foods Limited	10,000	147,500	135,000	.52
M. Loeb Limited	30,000	446,282	360,000	1.39
*Londontown Manufacturing Co.	10,000	306,373	324,750	1.25
Steinberg's Limited	30,000	513,750	495,000	1.91
MANUFACTURING (9.45%)				
Atco Industries Ltd.	20,000	153,181	142,500	.55
Dominion Foundries & Steel Ltd.	25,000	489,794	375,000	1.45
I.T.L. Industries Ltd.	30,000	362,562	397,500	1.53
*Jacobsen Manufacturing Co.	13,200	478,673	542,982	2.09
*Studebaker Worthington Corp.	10,000	523,309	539,897	2.08
*Wallace Murray Corp.	12,600	515,010	453,513	1.75
METALS AND MINING (6.41%)				
Alcan Aluminium Limited	34,000	1,095,423	828,750	3.19
Falconbridge Nickel Mines Ltd.	6,000	535,750	567,000	2.19
Kerr-Addison Mines Limited	17,000	217,103	267,750	1.03

SECURITY	Number of Shares	Average Cost	MARKET VALUE	
			Total	Percent
OFFICE EQUIPMENT (9.05%)				
*International Business Machines	205	\$ 77,542	\$ 135,922	.53%
Moore Corporation	25,000	369,014	687,500	2.65
*Standard Register Corporation	16,000	648,030	510,940	1.97
*The Rank Organization Ltd. "A"	150,000	747,695	1,012,500	3.90
PETROLEUM (7.93%)				
The British American Oil Co. Ltd.	17,400	553,431	619,875	2.39
Canadian Export Gas & Oil Ltd.	10,000	51,313	68,500	.26
Canadian Superior Oil Ltd.	15,000	395,391	615,000	2.37
Central-Del Rio Oils Ltd.	7,400	153,665	106,375	.41
Hudson Bay Oil & Gas Co. Ltd.	7,000	174,685	227,500	.88
Union Oil Co. of Canada	10,000	363,850	420,000	1.62
PUBLIC UTILITIES (7.76%)				
Calgary Power Ltd.	20,000	449,451	380,000	1.47
International Utilities Corporation	20,000	395,371	740,000	2.85
Northern and Central Gas Co. Ltd.	40,000	536,675	425,000	1.64
Nova Scotia Light and Power Co. Ltd.	22,000	265,118	192,500	.74
Union Gas Co. of Canada	20,000	73,599	275,000	1.06
TRANSPORTATION (8.04%)				
Kenting Aviation Limited	5,000	163,750	135,000	.52
*National Airlines Inc.	20,000	784,854	527,719	2.03
*Northwest Industries Inc.	1,800	240,364	229,923	.89
Pacific Western Airlines Ltd.	25,000	300,001	234,375	.91
*Pennsylvania New York Central Transportation Company	7,800	496,336	569,936	2.20
*Tri-State Motor Transport Company	8,000	377,790	387,535	1.49
MISCELLANEOUS (3.35%)				
Dominion Textile Co. Ltd.	31,000	919,945	348,750	1.34
*Johns-Mansville Corporation	4,000	237,399	253,305	.98
Revenue Properties Co. Ltd.	20,000	211,363	267,500	1.03
		23,197,039	23,277,466	89.74
PREFERRED SHARES				
Laurentide Financial Corp. Ltd. \$2.00	20,600	856,209	267,800	1.03
Quebec Natural Gas Corp. 5.40%	2,015	201,500	143,065	.55
		1,057,709	410,865	1.58
DEBENTURES				
Home Oil Company Limited 5½% convertible, 1984	Par Value \$200,000	241,250	210,000	.81
The Oshawa Wholesale Limited 5½% convertible, 1986	250,000	250,000	475,000	1.83
Wardair Canada Limited 6½% convertible "A", 1982	325,000	325,000	406,250	1.57
Western Mines Limited 6½% income, 1973	500,000	480,625	477,500	1.84
		1,296,875	1,568,750	6.05
TOTAL INVESTMENTS		\$25,551,623	25,257,081	97.37
*CURRENT ASSETS LESS CURRENT LIABILITIES			682,506	2.63
TOTAL NET ASSETS—March 31, 1968			\$25,939,587	100.00%

*United States and foreign investments are expressed in Canadian dollars, for average cost at the rate of exchange at the time of purchase, and for market value at the rate of exchange at March 31, 1968. Current assets and current liabilities in foreign currencies are converted at the rate of exchange at March 31, 1968.

GROUPED INVESTMENT SHARES (COMPOUND)

Balance Sheet as at March 31, 1968

ASSETS AND LIABILITIES

INVESTMENT IN GROUPED INCOME SHARES LIMITED	1968	1967
452,555 mutual fund shares (1967—182,565 shares) at redemption value	\$ 1,683,504	\$ 713,829
(Average cost 1968—\$1,787,612; 1967—\$697,216)		
CURRENT ASSETS		
Cash	—	9,577
Due from brokers	11,977	35,207
Income receivable	24,412	9,338
	<u>36,389</u>	<u>54,122</u>
CURRENT LIABILITIES		
Cash overdraft	68	—
Due to brokers and others	14,224	40,555
	<u>14,292</u>	<u>40,555</u>
Current assets less current liabilities	<u>22,097</u>	<u>13,567</u>
TOTAL NET ASSETS	<u>\$ 1,705,601</u>	<u>\$ 727,396</u>

UNITHOLDERS' EQUITY

UNITS ISSUED AND OUTSTANDING		
202,090 units (1967—86,251 units) at net asset value (Note 1)	\$ 1,705,601	\$ 727,396
NET ASSET VALUE PER UNIT	<u>\$8.44</u>	<u>\$8.43</u>

Signed on behalf of the Manager:

A. D. Johnstone, Director

B. W. Wilson, Director

The accompanying notes are an integral part of the financial statements.

GROUPED INVESTMENT SHARES (COMPOUND)

Statement of Income

(Note 2)

	Year Ended March 31 1968	Year Ended March 31 1967	6 Months to March 31 1966
INCOME—dividends from Grouped Income Shares Limited	\$ 73,100	\$ 24,041	\$ 3,892
EXPENSES			
Trustee's fees	3,577	842	—
Filing fees	910	1,305	—
Legal and audit fees	600	561	—
Printing and other expenses	1,550	954	—
	<u>6,637</u>	<u>3,662</u>	<u>—</u>
NET INCOME FOR THE PERIOD	<u>\$ 66,463</u>	<u>\$ 20,379</u>	<u>\$ 3,892</u>

Statement of Changes in Net Assets

	Year Ended March 31 1968	Year Ended March 31 1967	6 Months to March 31 1966
NET ASSETS, beginning of year	\$ 727,396	\$ 149,758	\$ 135,405
Increase			
Sale of units	1,213,015	623,443	18,869
Net income	66,463	20,379	3,892
Gain on sale of investments	5,276	—	381
Net unrealized appreciation of investment	<u>—</u>	<u>15,139</u>	<u>1,474</u>
	<u>2,012,150</u>	<u>808,719</u>	<u>160,021</u>
Decrease			
Redemption of units	185,828	81,313	10,263
Loss on sale of investment	<u>—</u>	<u>10</u>	<u>—</u>
Net unrealized depreciation of investments	<u>120,721</u>	<u>—</u>	<u>—</u>
	<u>306,549</u>	<u>81,323</u>	<u>10,263</u>
NET ASSETS, end of year	<u>\$ 1,705,601</u>	<u>\$ 727,396</u>	<u>\$ 149,758</u>

The accompanying notes are an integral part of the financial statements.

GROUPED INVESTMENT SHARES (COMPOUND)

Statement of Unrealized Appreciation (Depreciation) of Investment

	Year Ended March 31 1968	Year Ended March 31 1967	6 Months to March 31 1966
UNREALIZED APPRECIATION, beginning of year	\$ 16,613	\$ 1,474	\$ —
Net change during year	(120,721)	15,139	1,474
UNREALIZED APPRECIATION (DEPRECIATION), end of year	<u><u>\$ (104,108)</u></u>	<u><u>\$ 16,613</u></u>	<u><u>\$ 1,474</u></u>

Notes to Financial Statements

As at March 31, 1968

1. At the unitholder's option, units are redeemable, or convertible into mutual fund shares of Grouped Income Shares Limited held by the fund. The number of units which may be issued is unlimited.

During the year ended March 31, 1968, the Company issued 136,753 units for \$1,213,015 and redeemed 20,914 units for \$185,828.

2. For several years prior to September 30, 1965, the fund's activities were restricted to redeeming its units at the request of unitholders. On October 1, 1965, the fund re-commenced the sale of its units. Consequently, the statement of income is shown from such date.

There are no other material facts not disclosed in the foregoing, including the information supplied by A. D. Johnstone, Director and President of the Manager, on Page 1 hereof.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1966 (Ontario); by the Quebec Securities Act; by Part VII of the Securities Act, 1967 (British Columbia); by Part 7 of The Securities Act, 1967 (Alberta); by Part VIII of The Securities Act, 1967 (Saskatchewan), and by the respective regulations made under said Acts.

(signed) L. J. Williamson
President - Chief Executive Officer

(signed) B. W. Wilson
Treasurer - Chief Financial Officer

On Behalf of the Board of Directors and Board of Governors

(signed) A. D. Johnstone
Director and Governor

(signed) J. C. Mayne
Director and Governor

DIRECTORS AND GOVERNORS

*L. P. Beaubien
*R. M. Butler
*J. F. Ellis
*A. R. Harrington

A. D. Johnstone
*F. W. P. Jones
J. C. Mayne

*V. F. MacLean
*G. B. McKeen
*F. H. Sobey

*A. J. Walker
*N. E. Whitmore
L. J. Williamson

*by his Attorney A. D. Johnstone

Dated July 29, 1968

To the best of our knowledge, information and belief the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1966 (Ontario); by the Quebec Securities Act; by Part VII of the Securities Act, 1967 (British Columbia); by Part 7 of The Securities Act, 1967 (Alberta); by Part VIII of The Securities Act, 1967 (Saskatchewan), and by the respective regulations made under said Acts.

MANAGER AND SELLING AGENT
GROUPED FUND DISTRIBUTORS LIMITED

Per: A. D. Johnstone
President

Dated July 29, 1968

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NOTICE

No person is authorized to give any information or to make any representation other than those contained in this Prospectus or in supplemental literature issued by Grouped Income Shares Limited, Grouped Investment Shares (Compound) or the principal Selling Agent, and no person is entitled to rely upon any information or representation not contained therein.

GROUPED INCOME SHARES LIMITED

GROUPED INVESTMENT SHARES (COMPOUND)

1177 W. Hastings St., Vancouver, B.C.

This offering is made in those provinces of Canada where a prospectus relating thereto has been accepted for filing by a Securities Commission or similar authority in such province.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder, and any representation to the contrary is an offence.

Presented By:

GROUPED INCOME SHARES LIMITED

GROUPED INVESTMENT SHARES (COMPOUND)

INVESTED IN NORTH AMERICA



PROSPECTUS

JULY 29, 1968

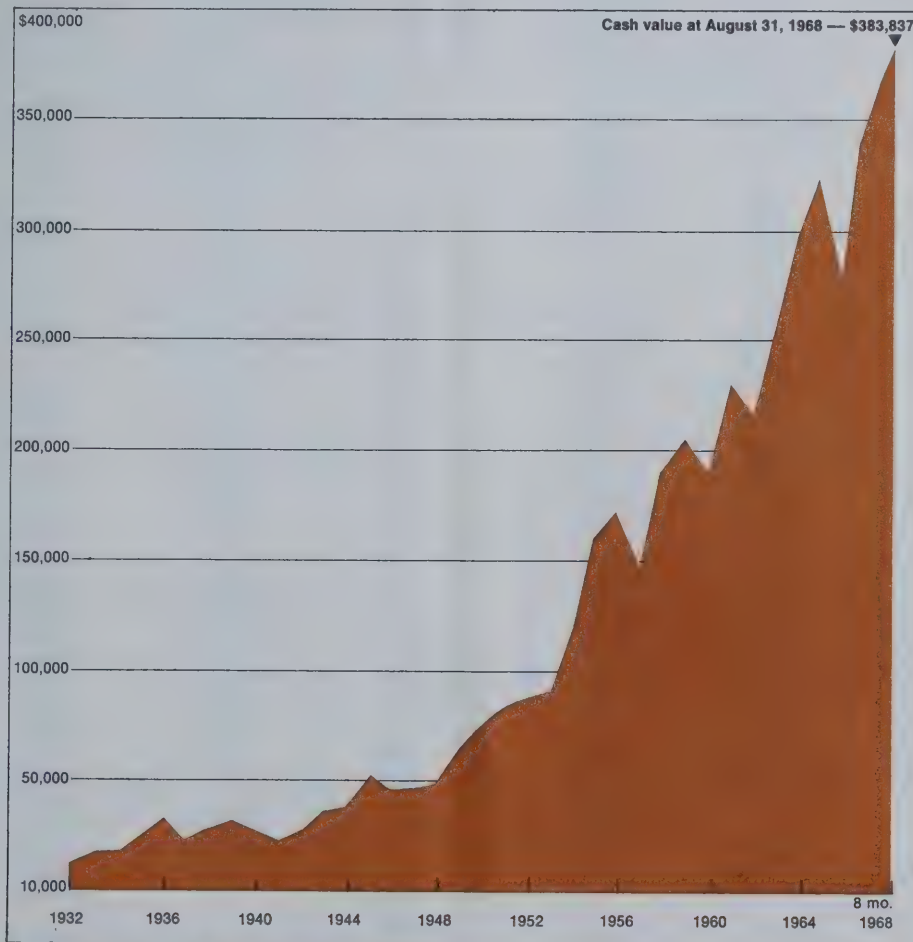
MUTUAL FUND SHARES UNITS

PERFORMANCE AT A GLANCE

Performance - \$10,000 of initial net assets, all income reinvested

Shown here is the record of an assumed investment of \$10,000 invested on May 28, 1932 at the public offering price of G.I.S. Series "A" (a 20-year investment trust which terminated in 1951) and with proceeds re-invested in G.I.S. at net asset value at its initial offering in 1952. All dividends re-invested at net asset value.

These are records of past performance only and should not be taken as an indication or guarantee of future performance.



EXEMPLE DE PERFORMANCE

Investissement net de \$10,000 - Tous les revenus réinvestis

Le tableau ci-haut illustre la performance d'un placement hypothétique dans des actions de G.I.S. Série "A", en 1932, comportant un actif net initial de \$10,000.

G.I.S. Série "A" était un trust boursier de 20 ans se terminant en 1951. On suppose également que le produit de cette liquidation fut réinvesti dans G.I.S. lors de leur offre initiale en 1952. Tous les dividendes réinvestis à la valeur de l'actif net.

Ces résultats reflètent le passé et ne doivent pas être considérés comme une indication de ce qu'ils seront dans l'avenir.

AUX ACTIONNAIRES DE GIS ET AUX DETENTEURS D'UNITES DE GIS (CUMULATIF)
LE 30 SEPTEMBRE, 1968 DIVIDENDE

Traduisant la hausse moyenne du cours vendeur quotidien des actions G.I.S., le dividende payable le 30 septembre s'élève à 6¢ par action à comparer aux précédentes distributions de 5.5¢ par action versées au cours des récents trimestres.

Pour les actionnaires de G.I.S., le chèque inclus-ou la confirmation de réinvestissement—représente notre part du dividende courant égal à six sous (6¢) par action de fonds mutuel payable le 30 septembre, 1968, aux actionnaires inscrits à la fermeture des affaires, le 6 mars, 1968. De ce dividende total de 6¢ deux sous (2¢) proviennent du revenu et vous sont imposables, mais sont éligibles au dégrèvement d'impôt de 20% accordé aux résidents du Canada. Les autres quatre sous (4¢) de ce dividende total de 6¢ représentent le produit du rachat des Actions Privilégiées rachetables au taux d'une Action Privilégiée, d'une valeur nominale de 50¢, pour chaque 12.5000 Actions de Fonds Mutuel.

Dans le cas des détenteurs d'unités de G.I.S. (cumulatif) le produit net en gros de la distribution ci-dessous mentionnée a été utilisé pour ajouter automatiquement à la valeur des unités en réinvestissant dans des actions en cours de G.I.S. à la valeur nette d'actif. Le tableau ci-dessous démontre l'effet produit sur la valeur des actions.

Les résultats comparatifs de G.I.S. et G.I.S. (cumulatif) sont indiqués ci-dessus.

	31 août 1966	31 août 1967	31 août 1968	Changement en %	
				Derniers 12 mois	Derniers 24 mois
G.I.S.	3.61	4.14	4.42	+ 6.8%	+ 22.4%
G.I.S. (Cumulatif)	7.53	9.04	10.11	+ 11.8%	+ 34.3%
Indice des valeurs industrielles de la Bourse de Toronto	141.76	166.75	169.02	+ 1.4%	+ 19.2%
Indice Dow Jones des valeurs industrielles	774.22	894.58	901.29	+ 0.7%	+ 16.4%

La fin du présent trimestre marque le deuxième anniversaire de la formation de notre propre service consultatif de placement. Nous espérons que tous les actionnaires seront aussi satisfaits que nous le sommes des résultats qui ont été obtenus pour G.I.S. et G.I.S. (Cumulatif) au cours de cette période de deux ans.

Depuis la présentation de mon dernier rapport, les cours des titres ont évolué latéralement, aux Etats-Unis, mais ils ont été d'une fermeté encourageante, au Canada. Nous attribuons cette fermeté au fait que, pour la première fois depuis plusieurs années, notre pays possède un gouvernement jouissant d'une majorité absolue. Nous voulons croire que ce gouvernement adoptera des mesures constructives pour encourager l'entreprise privée et le placement en titres d'actions ordinaires.

Nous avons effectué un certain nombre de changements, dans le portefeuille, au cours du trimestre. Nous désirons souligner, tout particulièrement, que nous avons augmenté nos placements en obligations et en débetures convertibles ou comportant des droits d'achat. Cette opération s'est avérée très heureuse et le fonds a déjà profité d'une plus-value de capital appréciable sur plusieurs de ces valeurs.

Respectueusement soumis, au nom du Conseil d'Administration.

LOWELL J. WILLIAMSON,
Le Président.

TO THE SHAREHOLDERS OF G.I.S. AND UNIT-HOLDERS OF G.I.S. (COMPOUND)
SEPTEMBER 30, 1968 DIVIDEND

Reflecting the increased average daily offering price of G.I.S. shares, the September 30th dividend amounts to 6¢ per share compared with payments of 5.5 cents per share in recent quarters.

For the shareholders of G.I.S. the enclosed cheque, or reinvestment confirmation, represents your share of the current dividend equal to six cents (6¢) per Mutual Fund Share payable on September 30th, 1968, to shareholders of record at the close of business March 6th, 1968. Two cents (2¢) of this total dividend of 6¢ is paid from income and is taxable in your hands, but qualifies for a 20% tax credit if you are resident in Canada. The other four cents (4¢) of this total dividend of 6¢ represents the proceeds of redemption of redeemable Preferred Shares on the basis of one Preferred Share, of a par value of 50¢, for each 12.5000 Mutual Fund Shares.

For the unitholders of G.I.S. (Compound) the bulked net proceeds of the above-mentioned distribution have been used to automatically add to the value of the units by reinvestment in underlying G.I.S. shares at net asset value. The effect of this on the value of the shares is demonstrated in the table below.

The comparative records of G.I.S. and G.I.S. Compound are as follows:

	Aug. 31 1966	Aug. 31 1967	Aug. 31 1968	% Change	
				Last 12 Months	Last 24 Months
G.I.S.	3.61	4.14	4.42	+ 6.8%	+ 22.4%
G.I.S. Compound	7.53	9.04	10.11	+ 11.8%	+ 34.3%
Toronto Stock Exchange Industrials	141.76	166.75	169.02	+ 1.4%	+ 19.2%
Dow Jones Industrial Average	774.22	894.58	901.29	+ 0.7%	+ 16.4%

The end of this quarter marks the second anniversary of the formation of our internal investment advisory department. We hope all shareholders join us in being well satisfied with the results that have been achieved for G.I.S. and G.I.S. Compound during that two year interval.

Since I last reported to you, stock prices in the United States have moved sideways but have been encouragingly strong in Canada. We attribute the strength in Canada to the fact that for the first time in many years, this country has a government with a clear majority. We hope that this government will take constructive steps to foster private enterprise and to encourage equity investment.

We made a number of changes in the portfolio during the quarter and, of particular note, increased our holdings of bonds and debentures with equity feature. This has been a successful operation and the fund has already enjoyed significant appreciation from a number of these issues.

Respectfully submitted, on behalf of the Board of Directors.

LOWELL J. WILLIAMSON,
President.

PORTFOLIO OF INVESTMENTS



(PORTEFEUILLE-TITRES)

AS AT AUGUST 31, 1968
(LE 31 AOUT, 1968)

COMMON STOCKS

(ACTIONS ORDINAIRES) — 82.26%

Shares (Actions)	Market Value (Valeur Courante)	Diversification of \$10,000
AEROSPACE & ELECTRONICS (ASTRONAUTIQUE ET ELECTRONIQUE) — 8.69%		
20,000 *C.T.S. Corporation	\$ 607,022	\$ 206
20,000 *General Dynamics Corp.	1,039,458	353
10,000 *Lear-Siegler Inc.	495,554	168
11,200 Magna Electronics Corp.	140,000	48
5,000 *Magnavox Co.	275,308	94
	2,557,342	869
FINANCE & INSURANCE (FINANCES ET ASSURANCES) — 3.91%		
40,000 *American General Insurance Co.	859,500	292
14,500 Industrial Life Assurance Co.	290,000	99
	1,149,500	391
DRUGS & CHEMICALS (DROGUES ET PRODUITS CHIMIQUES) — 3.70%		
7,200 *Beecham Inc.	326,825	111
15,000 *Ethyl Corp.	513,685	175
3,750 *International Chemical & Nuclear Corporation	248,180	84
	1,088,690	370
ENTERTAINMENT (DIVERTISSEMENTS) — 4.31%		
15,000 Famous Players Canadian Corp. Ltd.	877,500	298
10,000 *Technicolor Inc.	390,802	133
	1,268,302	431
CONSUMER PRODUCTS & MERCHANDISING (PRODUITS A LA CONSOMMATION ET MISE EN MARCHÉ) — 14.57%		
10,000 *Arlans Dept. Stores Inc.	341,114	116
59,000 Crush International Ltd.	1,091,500	371
15,000 *Genesco Incorporated	701,028	238
20,000 *Glen Alden Corp.	333,056	113
4,000 Harvey's Foods Limited	96,000	33
10,000 *Londontown Manufacturing Co.	427,063	145
15,000 *Sperry and Hutchison	590,233	200
30,000 Steinbergs Limited	502,500	171
12,000 Superpack Corp. Ltd.	207,000	70
	4,289,494	1,457

REAL ESTATE & BUILDING
(IMMEUBLE) — 2.29%

7,500 Canadian Interurban Props. (units)	\$ 232,500	\$ 79
30,000 Revenue Properties Co. Ltd.	442,500	150
	675,000	229

MANUFACTURING
(FABRICATION) — 10.73%

30,000 Atco Industries Ltd.	487,500	166
25,000 Dominion Foundries & Steel Ltd.	450,000	153
8,000 *Gould National Batteries	386,775	131
30,000 I.T.L. Industries Ltd.	528,750	180
5,000 *Seagrave Corp.	255,163	86
10,000 *Sludebaker Worthington Corp.	555,988	189
12,600 *Wallace Murray Corporation	495,796	168
	3,159,972	1,073

METALS & MINING
(METAUX ET MINES) — 4.17%

34,000 Alcan Aluminum Ltd.	871,250	296
20,000 Kerr-Addison Mines Limited	355,000	121
	1,226,250	417

OFFICE EQUIPMENT
(MATERIAL DE BUREAU) — 8.88%

25,000 Moore Corporation, Limited	731,250	248
150,000 *The Rank Organization Ltd.	1,462,500	497
"A" Order	421,155	143
16,000 *Standard Register Corporation	2,614,905	888

PETROLEUM (PETROLE) — 8.82%

17,400 The British American Oil Company Limited	802,575	273
21,500 Canadian Petrofina Ltd.	381,625	130
15,000 Canadian Superior Oil Ltd.	637,500	216
7,000 Hudson Bay Oil & Gas Co. Ltd.	294,000	100
10,000 Union Oil Co. of Canada Ltd.	480,000	163
	2,595,700	882

PUBLIC UTILITIES
(SERVICES PUBLICS) — 4.68%

12,000 International Utilities Corp.	606,000	206
40,000 Northern & Central Gas Co. Ltd	600,000	204
22,000 Nova Scotia Light & Power Co. Ltd. ..	170,500	58
	1,376,500	468

*Indicates U.S. AND FOREIGN SECURITIES
(Indique VALEURS AMERICAINES OU ETRANGERES)

TEXTILES (TEXTILES) — 1.51%

31,000 Dominion Textile Company Limited	\$ 445,625	\$ 151
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TRANSPORTATION (TRANSPORT) — 6.00%

5,000 Kenting Aviation Limited	142,500	48
20,000 *National Airlines Inc.	684,913	233
1,800 *Northwest Industries Inc.	261,073	89
23,000 Pacific Western Airlines Ltd.	281,750	96
12,000 *Tri-State Motor Transit Co.	394,832	134
	1,765,068	600

BONDS AND PREFERRED SHARES
(OBLIGATIONS ET ACTIONS PRIVILEGIEES) — 3.18%

15,400 Laurentide Financial Corporation Ltd. \$2.00 Cum. Conv.	369,600	125
2,015 Quebec Natural Gas Cum. Red. 5.40%	146,591	50
500,000 Western Mines Limited Income Debs. 6%, June 1973	420,000	143
	936,191	318

CONVERTIBLE SECURITIES
(VALEURS CONVERTIBLES) — 9.38%

350,000 Acklands Ltd. — Conv. "A", 7½%, June 15, 1988	378,000	128
200,000 Home Oil Co. Ltd. — Conv. Sub. Debs. 5½%, Dec. 1, 1984	242,000	82
5,000 Kenting Aviation — 6% Conv. Pfd. "B"	142,500	48
200,000 Kenting Aviation — 7½% S.F. Conv. Debs. "A"	200,000	68
500,000 *L.T.V. Aerospace — 6¾% Conv./Wts.	639,253	218
250,000 Revenue Properties — Conv. Debs., 7½% 6/30/88	397,500	135
400,000 Scurry-Rainbow Oil Limited — Conv. Sub. Debs. 7¼% May 1, 1988	466,000	159
325,000 Wardair Canada Ltd. — Conv. Debs. "A" 6½%, Sept. 15/82	295,750	100
	2,761,003	938

BUYING RESERVE
(RESERVE A COURT TERME) — 5.18%

CASH & OTHER ASSETS
(EN CAISSE ET AUTRES VALEURS)

	1,524,129	518
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TOTAL NET ASSETS

(ACTIF NET TOTAL)	\$29,433,671	\$10,000
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INVESTMENT CHANGES
(CHANGEMENTS AU PORTEFEUILLE)

ADDITIONS (VALEURS AJOUTEES)

7,200	Beecham Inc.
7,500	Canadian Interurban Props. (units)
20,000	Glen Alden Corp.
8,000	Gould National Batteries
5,000	Kenting Aviation 6% Conv. Pfd. "B"
5,000	Magnavox Co.
5,000	Seagrave Corp.
15,000	Sperry and Hutchison
12,000	Superpack Corp. Ltd.
10,000	Technicolor Inc.
\$350,000	Acklands Ltd. Conv. "A" 7½%, June 15, 1988
\$200,000	Kenting Aviation 7½% S.F. Conv. Debs "A"
\$500,000	L.T.V. Aerospace 6¾% Conv./Wts.
\$250,000	Revenue Properties Conv. Debs. 7½%, June 30, 1988

ELIMINATIONS (VALEURS ENLEVEES)

4,000	American Broadcasting Co. Inc.
7,400	Central Del Rio Oils Limited
6,000	Falconbridge Nickel Mines Ltd.
5,000	Gulton Industries Inc.
6,000	Industrial Acceptance Corp.
410	International Business Machines
4,000	Johns-Manville Corporation
2,000	Ling Temco-Vought Inc.
30,000	M. Loeb Limited
8,900	Union Gas Co. of Canada Ltd.
\$200,000	The Oshawa Wholesale Limited Conv. Sub. Debs. 5½%, Nov. 15/86

INCREASES (VALEURS AUGMENTEES)

5,000	Atco Industries Ltd.
11,500	Canadian Petrofina Ltd.
3,000	Kerr-Addison Mines Limited
20,000	Revenue Properties Co. Ltd. (stock split)
4,000	Tri-State Motor Transit Co. (50% stock dividend)

DECREASES (VALEURS DIMINUEES)

15,000	Arlans Department Stores Inc.
20,000	Calgary Power Ltd.
6,000	Harvey's Foods Limited
2,500	Industrial Life Assurance Co.
8,000	International Utilities Corp.
2,000	Pacific Western Airlines Ltd.
10,000	Revenue Properties Co. Ltd.
5,200	Laurentide Financial Corporation Ltd., \$2.00 Cum. Conv.

SAMPLE ACCOUNT



PERFORMANCE

Shown here is the record of an assumed investment of \$10,000 invested on May 28, 1932 at the public offering price of G.I.S. Series "A" (a 20-year investment trust which terminated in 1951) and with proceeds re-invested in G.I.S. at net asset value at its initial offering in 1952. All dividends re-invested at net asset value.

These are records of past performance only and should not be taken as an indication or guarantee of future performance.

DATE	DIVIDENDS RE-INVESTED (DIVIDENDES REINVESTIS)	PRICE PER SHARE (PRIX PAR ACTION)	SHARES PURCHASED (DIVIDENDES ACHETEES)	SHARES ACCUMULATED (ACTIONS ACCUMULEES)	VALUE AT YEAR END (VALEUR EN FIN D'ANNEE)
1932	\$ 366	\$ 3.25	112	4,368	\$ 14,197
1933	706	3.85	183	4,552	17,525
1934	623	3.83	150	4,702	18,010
1935	662	5.16	120	4,822	24,885
1936	826	6.66	135	4,958	33,025
1937	1,458	4.39	316	5,275	23,158
1938	1,118	5.12	214	5,489	28,106
1939	996	5.43	190	5,680	30,844
1940	1,382	4.62	314	5,995	27,697
1941	1,336	3.80	338	6,333	24,068
1942	1,280	4.35	282	6,615	28,779
1943	1,741	5.15	336	6,952	35,806
1944	1,614	5.25	284	7,237	37,996
1945	1,642	6.98	244	7,482	52,224
1946	1,699	5.93	290	7,772	46,093
1947	2,919	5.58	522	8,295	46,289
1948	3,025	5.60	500	8,796	49,257
1949	3,024	7.07	415	9,211	65,124
1950	3,540	7.84	443	9,654	75,691
1951	3,177	8.40	378	10,032	84,275
*1952	1,295	4.65	274	18,715	87,026
1953	3,628	4.61	767	19,483	89,817
1954	4,457	5.69	838	20,322	115,632
**1955	8,397	3.78	1,703	42,943	162,325
1956	9,706	3.82	2,488	45,431	173,549
1957	9,387	3.06	2,683	48,115	147,233
1958	9,838	3.82	2,780	50,895	194,421
1959	12,329	3.81	3,188	54,083	206,059
1960	11,313	3.35	3,385	57,469	192,522
1961	12,026	3.82	3,213	60,682	231,808
1962	12,121	3.38	3,643	64,325	217,421
1963	13,132	3.76	3,583	67,909	255,339
1964	15,589	4.17	3,767	71,676	298,891
1965	17,199	4.25	4,096	75,773	322,037
1966	16,613	3.49	4,338	80,111	279,590
1967	17,991	4.18	4,411	84,523	353,306
1968 (8 months)	9,366	4.42	2,318	86,841	383,837

• 20-year investment trust terminated and proceeds invested at net asset value in Grouped Income Shares Limited.

• Share split; two for one.

• Le trust boursier de 20 ans se terminant et le produit réinvesti à la valeur de l'actif net dans G.I.S.

• Ajusté pour le fractionnement des actions 2 pour 1.

Le tableau ci-haut illustre la performance d'un placement hypothétique dans des actions de G.I.S. Série "A", en 1932, comportant un actif net initial de \$10,000.

G.I.S. Série "A" était un trust boursier de 20 ans se terminant en 1951. On suppose également que le produit de cette liquidation fut réinvesti dans G.I.S. lors de leur offre initiale en 1952. Tous les dividendes réinvestis à la valeur de l'actif net.

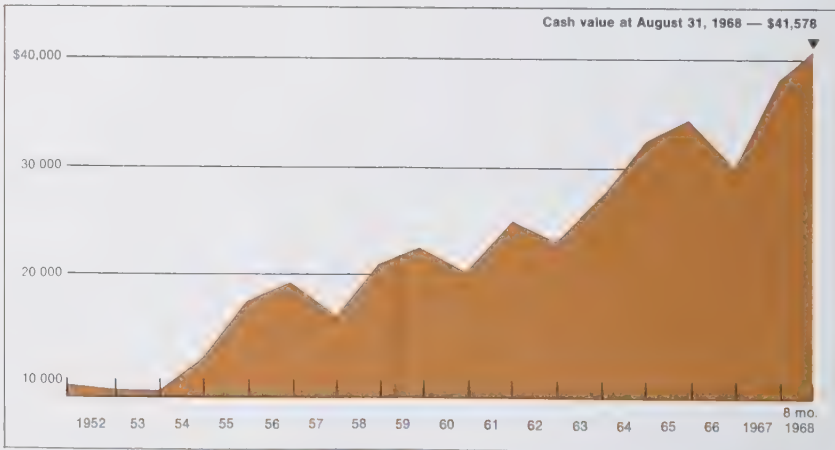
Ces résultats reflètent le passé et ne doivent pas être considérés comme une indication de ce qu'ils seront dans l'avenir.

PERFORMANCE AT A GLANCE

Performance - \$10,000 of initial net assets, all income reinvested

Shown here is the record of an investment of \$10,000 made in G.I.S. on April 25, 1952 to provide 4,000 shares at the offering price of \$2.50. All dividends re-invested at net asset value.

These are records of past performance only and should not be taken as an indication or guarantee of future performance.



YEAR (ANNEE)	DIVIDENDS RE-INVESTED (DIVIDENDES REINVESTIS)	SHARES PURCHASED (ACTIONS ACHETEES)	TOTAL SHARES (TOTAL DES ACTIONS)	TOTAL VALUE (VALEUR TOTALE)
	Income	Stock		
1952	\$140.47	\$	4,000.00	
1953	393.59		60.44	\$ 9,379.62
1954	483.87		168.34	9,514.76
1955	457.77	454.66	185.52	12,580.75
1956	472.66	582.27	252.65	17,641.07
1957	512.17	507.65	268.93	19,003.14
1958	530.14	537.74	287.18	16,191.49
1959	765.63	572.13	300.19	21,043.58
1960	621.91	604.66	343.06	22,761.28
1961	599.40	703.35	359.16	20,730.82
1962	637.05	675.90	347.40	25,108.36
1963	599.68	822.79	394.61	23,550.08
1964	633.43	1,055.24	388.16	27,657.21
1965	571.54	1,291.60	408.58	32,376.80
1966	686.66	1,112.95	443.79	34,884.04
1967	483.34	1,465.54	469.96	30,286.12
1968 (8months)	274.67	739.86	477.82	38,271.20
			251.03	41,578.14

EXEMPLE DE PERFORMANCE

Investissement net de \$10,000 - Tous les revenus réinvestis

Le tableau ci-haut illustre la performance d'un investissement de \$10,000 dans G.I.S. le 25 Avril, 1952 pour acheter 4,000 actions au prix de demande de \$2.50 Tous les dividendes réinvestis à la valeur de l'actif net.

Ces résultats reflètent le passé et ne doivent pas être considérés comme une indication de ce qu'ils seront dans l'avenir.

AR32



OFFICES - BUREAUX

MONTREAL, QUEBEC - TORONTO, ONTARIO

BUSINESS OFFICE - SIEGE SOCIAL

1177 WEST HASTINGS STREET
VANCOUVER 2, B.C.

DIRECTORS

(ADMINISTRATEURS)

THE HONOURABLE LOUIS P. BEAUBIEN,
Montreal

SIR MICHAEL BUTLER, Bart., Vancouver

J. FIRSTBROOK ELLIS, Toronto

A. RUSSELL HARRINGTON, Halifax

ALAN D. JOHNSTONE, Vancouver

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NORMAN E. WHITMORE, Regina

LOWELL J. WILLIAMSON, Calgary



file
Grouped Income
Shares Limited

Grouped Investment
Shares (Compound)

G.I.S. (cumulatif)

INTERIM REPORT

AUGUST 31, 1968

RAPPORT INTERIMAIRE

LE 31 AOUT, 1968

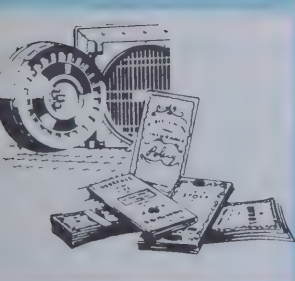
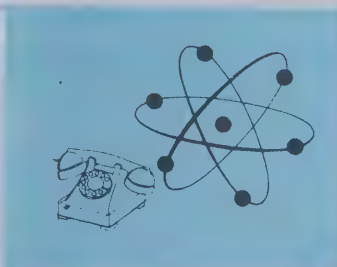
GROUPED INCOME SHARES LIMITED GROUPED INVESTMENT SHARES (COMPOUND)



The purpose of Grouped Income Shares Limited is to provide to its shareholders the usual benefits of a mutual fund investment—reasonable income, possibility of capital growth, careful selection, professional management, security, and liquidity—plus benefits in the form of an unusual dividend policy, broader-than-average participation in United States investments and concentration in Can-

adian and U.S. common stocks of a growth nature.

The purpose of Grouped Investment Shares (Compound) is to provide a re-investment medium for the distributions of G.I.S. G.I.S. (Compound) reinvests the bulked net proceeds received from its holdings of G.I.S. in additional shares of G.I.S. at net asset value—adding to the value of each unit but not to the number of units held.



ANNUAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 1967

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PRESIDENT'S REPORT TO THE SHAREHOLDERS

for the fiscal year ended March 31, 1967

TO THE SHAREHOLDERS OF G.I.S. AND UNITHOLDERS OF G.I.S. (COMPOUND)

It is a pleasure to submit the Annual Report of your Fund for its fiscal year ended March 31, 1967, together with the financial statements, the investment portfolio evaluated at that date, complete performance records of your Fund since its inception, and other general and statistical information.

Economic activity in Canada during 1966 continued to expand at a rapid rate but during the year there were signs in both Canada and the United States which indicated that economic resources were being pushed too hard. Production rates pressed against capacity limitations, shortages of labour and materials became apparent and these pressures resulted in rising costs and rising prices. The level of activity created additional demands for credit, and when the central banks in both countries took steps to restrain the growth in bank credit, interest rates were driven to the highest levels in forty years. As the year progressed it became increasingly clear that corporate profitability was deteriorating.

Despite some improvement evident in the final quarter of the fiscal year, adverse market conditions in the year ended March 31, 1967, reduced total net assets of G.I.S. to \$27,750,714 from the \$28,555,094 shown at March 31, 1966, and the per share net asset values of both G.I.S. and G.I.S. (Compound) decreased in keeping with the general decline in securities prices.

In accordance with the policy of providing shareholders with distributions of not less than 5% per annum on the average daily offer price of G.I.S. shares, dividends totalling 21 cents per share were paid during the year ended March 31, 1967. "Stock" dividends, which are not currently and have not been in the past subject to Canadian Income Tax, amounted to 14 cents per share; "income" dividends, which are paid to the extent that earnings are available, amounted to 7 cents per share. Shareholders resident in Canada are presently entitled to claim a tax credit equal to 20% of the net "income" dividends.

For the unitholders of G.I.S. (Compound), the bulked net proceeds of the above-mentioned distributions were applied automatically to add to the value of the units by reinvestment in underlying G.I.S. shares at net asset value.

During the past year, an extensive review of your management's policy concerning investment advisory services provided to G.I.S. culminated in the establishment of our own Investment Department under direction of John D. McNeil, M.A. The new concepts which Mr. McNeil

and his staff bring to the investment functions of the Fund are increasingly becoming evident and we are confident that shareholders will be ultimate beneficiaries of this move.

Although stock markets in North America declined significantly during the first nine months of 1966 (attributable to tight credit conditions and to erosion of investor confidence in the sustainability of economic prosperity) a change in monetary policy from one of tightness to one of neutrality resulted in partial recovery of stock market prices late in the year. This strengthening of stock prices was accentuated in the first six months of 1967, despite recurring international tensions and economic uncertainties.

During this period, G.I.S. has been maintained in a fairly fully-invested position although in mid-May we thought it prudent to increase our buying reserves by a modest amount. In terms of our portfolio structure we continue to favour the Aerospace, Electronics, Office Equipment, Petroleum and Transportation groups. We believe that companies in these areas have good earnings and capital appreciation prospects over the next two or three years. For defensive reasons, we continue to hold substantial positions in the Public Utility group.

We are pleased to report that as a result of these portfolio moves, the shares of G.I.S. and G.I.S. (Compound) have fully participated in the upward move in common stock prices. As of this date of writing, the changes in values since the turn of the year have been as follows:

Net Asset Value

	Dec. 31st 1966	July 6th 1967	% Change
G.I.S.	\$3.49	\$4.04	+ 15.76%
G.I.S. (Compound)	\$7.48	\$8.84	+ 18.18%
Dow Jones Industrial Average	785.69	864.94	+ 10.09%
Toronto Stock Exchange Industrial Average	147.63	164.04	+ 11.12%

We cordially welcome those investors who became shareholders of the Funds for the first time during the past year, and renew our assurance that it is the continuing objective of your management to provide maximum investment service at minimum cost.

Respectfully submitted,

LOWELL J. WILLIAMSON, *President.*

July 6, 1967.

GROUPED INCOME SHARES LIMITED
GROUPED INVESTMENT SHARES (COMPOUND)

AUDITORS' REPORT

To the Shareholders
 Grouped Income Shares Limited
 To the Unitholders
 Grouped Investment Shares (Compound)

We have examined the following financial statements:

GROUPED INCOME SHARES LIMITED

Balance sheet as at March 31, 1967 with supporting schedule of portfolio of investments
 Statement of income and earned surplus for the year ended March 31, 1967
 Statement of capital redemption account for the year ended March 31, 1967
 Statement of capital surplus arising from the redemption of mutual fund and preferred shares
 for the year ended March 31, 1967
 Statement of excess of market value of investments over their cost for the year ended March 31,
 1967
 Statement of changes in net assets for the year ended March 31, 1967

GROUPED INVESTMENT SHARES (COMPOUND)

Balance sheet as at March 31, 1967
 Statement of income for the year ended March 31, 1967
 Statement of excess of redemption value of investment in mutual fund shares of Grouped Income
 Shares Limited over its cost for the year ended March 31, 1967
 Statement of changes in net assets for the year ended March 31, 1967

Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the aforementioned statements present fairly the financial position of Grouped Income Shares Limited and Grouped Investment Shares (Compound) as at March 31, 1967 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
 May 15, 1967

RIDDELL, STEAD, GRAHAM & HUTCHISON
 Chartered Accountants

GROUPED INVESTMENT SHARES (COMPOUND)

BALANCE SHEET AS AT MARCH 31, 1967

	1967	1966
ASSETS AND LIABILITIES		
INVESTMENT IN GROUPED INCOME SHARES LIMITED		
182,565 mutual fund shares (1966 - 35,404 shares) at redemption value	\$ 713,829	\$ 149,758
CURRENT ASSETS		
Cash	9,577	748
Due from brokers	35,207	5,939
Income receivable	9,338	1,840
	54,122	8,527
CURRENT LIABILITIES		
Due to brokers	40,555	8,527
Current assets less current liabilities	13,567	—
TOTAL NET ASSETS	\$ 727,396	\$ 149,758
UNITHOLDERS' EQUITY		
UNITS ISSUED AND OUTSTANDING		
86,251 units (1966 - 17,190 units) at net asset value (Note 1)	\$ 727,396	\$ 149,758

APPROVED ON BEHALF OF THE MANAGER

Lowell J. Williamson, Director
 B. W. Wilson, Director

The accompanying notes are an integral part of financial statements.

GROUPED INVESTMENT SHARES (COMPOUND)

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 1967

	Year to March 31, 1967	6 Mos. to March 31, 1966
INCOME - dividends from Grouped Income Shares Limited	\$ 24,041	\$ 3,892
EXPENSES		
Filing fees	1,305	—
Trustee's fees	842	—
Legal fees	461	—
Audit fees	100	—
Printing and other expenses	954	—
	<u>3,662</u>	<u>—</u>
NET INCOME FOR THE PERIOD	<u>\$ 20,379</u>	<u>\$ 3,892</u>

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 1967

NET ASSETS, beginning of period	\$ 149,758	\$ 137,089
Add:		
Proceeds from sale of units	623,443	18,869
Net income	20,379	3,892
Increase in excess of redemption value of investment in mutual fund shares of Grouped Income Shares Limited over its cost	<u>15,129</u>	<u>171</u>
	808,709	160,021
Deduct:		
Payments on redemption of units	<u>81,313</u>	<u>10,263</u>
NET ASSETS, end of period	<u>\$ 727,396</u>	<u>\$ 149,758</u>

STATEMENT OF EXCESS OF REDEMPTION VALUE OF INVESTMENT IN MUTUAL FUND SHARES OF GROUPED INCOME SHARES LIMITED OVER ITS COST FOR THE YEAR ENDED MARCH 31, 1967

BALANCE, beginning of period	\$ 1,855	\$ 1,684
Increase during period	<u>15,129</u>	<u>171</u>
BALANCE, end of period (Note 2)	<u>\$ 16,984</u>	<u>\$ 1,855</u>

NOTES TO FINANCIAL STATEMENTS

1. At the unitholder's option, units are redeemable, or convertible into mutual fund shares of Grouped Income Shares Limited held by the fund. The number of units which may be issued is unlimited.
2. The cost of the fund's investment in mutual fund shares of Grouped Income Shares Limited is determined at the redemption value of such shares held at September 30, 1965 with subsequent additions at cost and deletions at redemption value.

GROUPED INCOME SHARES LIMITED
GROUPED INVESTMENT SHARES (COMPOUND)

BALANCE SHEET AS AT MARCH 31, 1967

(with comparative figures for the prior year)

ASSETS

INVESTMENTS - at market value

(Cost 1967 - \$24,574,771; 1966 - \$24,570,265)

Cash	
Due from brokers	
Income receivable	
Refundable tax	

1967

1966

\$26,627,711	\$28,298,410
658,843	460,459
487,823	396,818
110,850	87,127
4,578	-
<u>\$27,889,805</u>	<u>\$29,242,814</u>

LIABILITIES

Due to brokers	
Due to Grouped Fund Distributors Limited	
Other accounts payable	
Income taxes payable	

\$ 61,441	\$ 605,497
10,605	12,646
22,119	17,295
44,926	52,282
<u>\$ 139,091</u>	<u>\$ 687,720</u>
<u>\$27,750,714</u>	<u>\$28,555,094</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Notes 1, 2 and 3)

Common shares -

Authorized and issued 2,000 shares of 50 cents par value

Mutual fund shares of 50 cents par value -

	Shares	
	March 31,	March 31,
	1967	1966
Authorized	20,000,000	10,000,000
Redeemed	3,346,728	2,628,781
	<u>16,653,272</u>	<u>7,371,219</u>
Issued	<u>7,100,827</u>	<u>6,744,401</u>

\$ 1,000	\$ 1,000
----------	----------

Preferred shares - 5% non-cumulative, redeemable of
50 cents par value -

	Shares	
	March 31,	March 31,
	1967	1966
Authorized	21,000,000	11,000,000
Redeemed	10,549,900	8,625,954
	<u>10,450,100</u>	<u>2,374,046</u>
Issued	Nil	Nil

3,550,413	3,372,200
-----------	-----------

CAPITAL REDEMPTION ACCOUNT, per statement attached

CAPITAL SURPLUS arising on redemption of shares,
per statement attached

EXCESS OF MARKET VALUE OF INVESTMENTS

OVER THEIR COST, per statement attached

EARNED SURPLUS, per statement attached

3,551,413	3,373,200
15,198,047	15,826,381
6,948,314	5,627,368
2,052,940	3,728,145
-	-
<u>\$27,750,714</u>	<u>\$28,555,094</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF INCOME AND EARNED SURPLUS FOR THE YEAR ENDED MARCH 31, 1967

	1967	1966
REVENUE		
Dividends - Canadian	\$ 454,947	\$ 484,217
- United States	269,174	182,886
Interest	143,967	142,217
	<u>868,088</u>	<u>809,320</u>
EXPENSES		
Management fee - Grouped Fund Distributors Limited	129,655	131,225
Directors' fees and expenses	15,406	13,840
Trustee's fees	36,820	34,893
Legal fees	7,296	2,767
Audit fees	2,782	3,684
Salary	4,500	4,500
Printing and other expenses	9,254	7,586
	<u>205,713</u>	<u>198,495</u>
Income before provision for taxes	<u>662,375</u>	<u>610,825</u>
TAXES		
United States withholding taxes	41,494	27,821
Canadian income taxes	139,454	84,713
	<u>180,948</u>	<u>112,534</u>
NET INCOME for the year	<u>481,427</u>	<u>498,291</u>
Earned surplus at beginning of year	-	-
Portion of consideration received on issues and paid on redemptions of shares, net, credited to earned surplus	5,782	22,197
Dividends (Note 2)	(487,209)	(520,488)
EARNED SURPLUS at end of year	<u>\$ Nil</u>	<u>\$ Nil</u>

STATEMENT OF CAPITAL REDEMPTION ACCOUNT FOR THE YEAR ENDED MARCH 31, 1967

BALANCE, beginning of year		\$15,826,381
Add		
Proceeds on sale of Mutual fund shares in excess of par value, less commissions	\$ 3,596,392	
Less paid on redemption of mutual fund shares in excess of par value	2,511,581	
	<u>1,084,811</u>	
Less		
Transfer to earned surplus - dividends equalization	5,782	1,079,029
Gain on sale of portfolio securities		579,450
		<u>17,484,860</u>
Deduct		
Transfer to capital surplus - par value of shares redeemed	1,320,947	
Dividends (Note 2)	965,866	2,286,813
BALANCE, end of year		<u>\$15,198,047</u>

The accompanying notes are an integral part of the financial statements.

GROUPED INCOME SHARES LIMITED
GROUPED INVESTMENT SHARES (COMPOUND)

STATEMENT OF EXCESS OF MARKET VALUE OF INVESTMENTS OVER THEIR COST
FOR THE YEAR ENDED MARCH 31, 1967

	1967	1966
BALANCE, beginning of year	\$ 3,728,145	\$ 5,048,604
Decrease during the year	<u>(1,675,205)</u>	<u>(1,320,459)</u>
BALANCE, end of year	<u>\$ 2,052,940</u>	<u>\$ 3,728,145</u>

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 1967

NET ASSETS, beginning of the year	\$28,555,094	\$24,830,014
Add		
Proceeds from sale of mutual fund shares	4,133,579	6,412,121
Gain on sale of portfolio securities	579,450	1,604,954
Net income	<u>481,427</u>	<u>498,291</u>
	<u>33,749,550</u>	<u>33,345,380</u>
Deduct		
Payments on redemption of mutual fund shares	2,870,555	1,973,202
Payments on redemption of preferred shares, including cash payments for fractional shares	965,807	971,663
Cash dividend paid	487,268	524,962
Decrease of excess of market value of investments over their cost	<u>1,675,205</u>	<u>1,320,459</u>
	<u>5,998,835</u>	<u>4,790,286</u>
NET ASSETS, end of the year	<u>\$27,750,715</u>	<u>\$28,555,094</u>

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF CAPITAL SURPLUS
ARISING FROM THE REDEMPTION OF MUTUAL FUND AND PREFERRED SHARES
FOR THE YEAR ENDED MARCH 31, 1967**

BALANCE, beginning of year		\$ 5,627,368
REDEMPTIONS DURING THE YEAR		
1,923,946 Preferred shares at 50 cents par value	\$961,973	
717,947 Mutual fund shares at 50 cents par value	358,974	1,320,947
		<hr/>
BALANCE, end of year		\$ 6,948,315
		<hr/>

**NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1967**

- During the year ended March 31, 1967, the Company was granted supplementary letters patent to re-name its special shares as mutual fund shares and to increase its share capital to 20,000,000 mutual fund shares and 21,000,000 5% non-cumulative redeemable preferred shares, both of 50 cents par value.
- During the year ended March 31, 1967, the company paid the following dividends to holders of common and mutual fund shares:

		Charged to			
<u>Date</u>		<u>Preferred Shares Issued</u>	<u>Rate Per Share (b)</u>	<u>Earned Surplus</u>	<u>Capital Redemption Account</u>
June 30, 1966	One preferred share for each 8 1/3 common and mutual fund shares ----	810,855	6.00¢	\$ -	\$406,589 (a)
Sept. 30, 1966	Cash -----	-	4.00¢	275,416	-
Dec. 31, 1966	One preferred share for each 9.0909 common and mutual fund shares ----	762,559	5.50¢	-	382,678 (a)
March 31, 1967	Cash -----	-	3.00¢	211,793	59
	One preferred share for each 20.000 common and mutual fund shares ----	350,532	2.50¢	-	176,540 (a)
		<u>1,923,946</u>	<u>21.00¢</u>	<u>\$487,209</u>	<u>\$965,866</u>

(a) Includes cash payment in lieu of fractional preferred shares.

(b) The preferred shares issued were redeemed at par for cash immediately upon their issue.

- The mutual fund shares of the company are redeemable at the holder's option at the net asset value per share at the date of redemption.

During the year ended March 31, 1967, the company issued 1,074,374 mutual fund shares for \$4,133,579 and redeemed 717,947 mutual fund shares for \$2,870,555.

GROUPED INCOME SHARES LIMITED
GROUPED INVESTMENT SHARES (COMPOUND)

PORTFOLIO OF INVESTMENTS AS AT MARCH 31, 1967

(*Indicates U.S. and other Foreign Investments)

COMMON STOCKS	NUMBER OF SHARES	MARKET VALUE	PERCENT OF NET ASSETS
AEROSPACE AND ELECTRONICS — 11.03%			
*C.T.S. Corporation - Important producer of electronic components	20,000	\$660,325	2.38%
*General Dynamics - Aircraft, atomic submarines and electronic equipment	12,000	776,153	2.80
*General Precision Equipment Corp. - Manufacturers electronic systems, components and simulators	10,000	803,756	2.90
*Lear Siegler Inc. - Manufactures military, consumer electronics, auto and aircraft parts	5,000	166,434	.60
†*Wagner Electric Corporation - Manufactures auto headlights, auto brakes and electric motors	5,000	357,225	1.29
*Zenith Radio Corp. - Manufactures radios and T.V. sets	5,000	293,628	1.06
BANKS, FINANCE AND INSURANCE — 4.71%			
Bank of Western Canada - Canadian chartered bank	1,500	19,500	.07
Banque Canadienne Nationale - Canadian chartered bank ..	2,800	167,300	.60
Canadian Imperial Bank of Commerce - Canadian chartered bank	1,100	78,100	.28
Industrial Acceptance Corporation Ltd. - Instalment sales financing	20,000	495,000	1.78
Industrial Life Insurance Company - Insurance	17,000	391,000	1.41
The Royal Bank of Canada - Canadian chartered bank	2,000	157,500	.57
CHEMICALS — 2.98%			
*Ethyl Corporation - Manufactures chemicals and petroleum additives	10,000	457,356	1.65
*Olin Mathieson Chemical Corp. - Chemicals, drugs, metals and guns	5,000	368,050	1.33
ENTERTAINMENT — 7.12%			
*Columbia Broadcasting System - Major radio and television network	9,180	676,982	2.44
Famous Players Canadian Corp. Ltd. - Largest movie chain in Canada	15,000	555,000	2.00
*Twentieth Century-Fox Film - Leading motion picture producer	15,000	744,895	2.68
FOOD AND MERCHANDISE — 11.36%			
*Arlans Department Stores - Self Service discount stores	27,000	442,066	1.59
Crush International Ltd. - Leading soft drink manufacturers ..	59,000	737,500	2.66
*Genesco Incorporated - Shoe and apparel manufacturer	15,000	509,452	1.83
*Jonathan Logan Inc. - Manufacturer of womens dresses and sportswear	5,000	236,797	.86
M. Loeb Limited - Holds largest franchised I.G.A. area in Canada	30,000	375,000	1.35

(†Subsequently merged with Studebaker Corporation on the basis of 1.3 shares of Studebaker for each share of Wagner Electric)

COMMON STOCKS (continued)	NUMBER OF SHARES	MARKET VALUE	PERCENT OF NET ASSETS
*Mohasco Industries Inc. - Carpets and rugs	13,000	\$276,173	.99%
Steinbergs Limited - Operates chain of food markets in Quebec, Ontario and New Brunswick	30,000	577,500	2.08
FOREST PRODUCTS — .83%			
B.C. Forest Products Ltd. - Producer of lumber, plywood, pulp, and newsprint	10,000	232,500	.83
HEAVY INDUSTRY — 6.81%			
Dominion Foundries & Steel Ltd. - Manufactures steel, tin plate, pig iron, etc.	25,000	550,000	1.98
Massey-Ferguson Limited - Manufactures farm implements, industrial equipment in 9 countries	25,900	660,450	2.38
*Whirlpool Corporation - Home laundry equipment, refriger- ation, etc.	15,000	679,945	2.45
METALS AND MINING — 10.10%			
Alcan Aluminium Limited - Mines bauxite, smelts and fab- ricates aluminum	34,000	1,130,500	4.07
Falconbridge Nickel Mines Ltd. - Mines nickel, copper and cobalt	6,000	549,000	1.98
*Reynolds Metals Co. - Major producer - aluminum and aluminum products	19,500	1,124,041	4.05
OFFICE EQUIPMENT — 8.12%			
*Addressograph-Multigraph - Produces office duplicating and printing equipment	5,000	279,421	1.01
*International Business Machines - Dominant factor in electronic data processing equipment	200	97,641	.35
Moore Corporation Limited - Manufactures business forms, paper boxes, printing equipment	8,600	872,900	3.14
*S.C.M. Corporation - Manufactures typewriters and calcu- lating machines	3,000	219,206	.78
*Rank Organization Ltd. "A" - Films, theatres, and hotels. Co-owner of Rank-Xerox Corp.	150,000	787,500	2.84
PETROLEUM — 7.20%			
The British American Oil Co. Ltd. - Major integrated oil company	16,400	574,000	2.08
Canadian Export Gas & Oil Ltd. - Oil and gas exploration, development and production	15,000	56,250	.20
Canadian Superior Oil Ltd. - Oil and gas exploration, de- velopment and production	20,000	780,000	2.81
Home Oil Company Limited "A" - Oil and gas exploration, production, pipeline and holding company	2,000	43,000	.15
Hudson Bay Oil & Gas Co. Ltd. - Oil and gas exploration, development and production	5,000	162,500	.59
Provo Gas Producers Ltd. - Oil and gas exploration, devel- opment and production	20,000	127,000	.46
Union Oil Co. of Canada Ltd. - Oil and gas exploration, de- velopment and production	7,200	252,000	.91

COMMON STOCKS (continued)	NUMBER OF SHARES	MARKET VALUE	PERCENT OF NET ASSETS
PUBLIC UTILITIES — 11.97%			
Calgary Power Ltd. - Produces and distributes electricity in Alberta	27,000	\$668,250	2.41%
International Utilities Corporation - Utility interests in Western Canada, also owns shipping and trucking companies	20,000	575,000	2.07
*New York Central Railroad - Major U.S. railroad	12,000	958,012	3.45
Northern and Central Gas Co. Ltd. - Natural gas distribu- tion	40,000	510,000	1.84
Nova Scotia Light & Power Co. Ltd. - Supplies electricity service to approximately 50% of consumers in Nova Scotia.	22,000	228,250	.82
Union Gas Company of Canada Ltd. - Distributes and stores natural gas in Western Ontario	30,000	382,500	1.38
TEXTILE — 3.60%			
*Cluett Peabody & Co. Inc. - Makes "Arrow" mens wear	8,400	159,128	.58
Dominion Textile Co. Ltd. - Manufactures cotton yarns, fabrics	31,000	837,000	3.02
TRANSPORTATION — 3.31%			
*National Airlines, Inc. - Air carrier connecting Boston, New York, Miami, Houston and Los Angeles	10,000	920,125	3.31
TOTAL COMMON STOCKS		\$24,738,811	89.14%
PREFERRED STOCKS			
Laurentide Financial Corp. Ltd. \$1.25	650	7,800	.03%
Laurentide Financial Corp. Ltd. \$2.00	20,600	406,850	1.47
Quebec Natural Gas Corp.	5,000	431,250	1.55
TOTAL PREFERRED STOCKS		\$ 845,900	3.05%
DEBENTURES			
Home Oil Company 5½% convertible, 1984	\$200,000	233,000	.84%
The Oshawa Wholesale Ltd. 5½% convertible, 1986	250,000	325,000	1.17
Western Mines Limited 6% income, 1973	500,000	485,000	1.75
TOTAL DEBENTURES		\$1,043,000	3.76%
TOTAL INVESTMENTS		\$26,627,711	95.95%
*CURRENT ASSETS LESS CURRENT LIABILITIES		1,123,003	4.05
TOTAL NET ASSETS - March 31, 1967		\$27,750,714	100.00%

GROUPED INCOME SHARES LIMITED
GROUPED INVESTMENT SHARES (COMPOUND)



RECORD OF GROWTH AND DIVIDENDS

YEAR ENDED MARCH 31	DIVIDENDS*		TOTAL	TOTAL NET ASSETS	SHARES OUTSTANDING
	INCOME	STOCK			
1953	5.75¢	—	5.75¢	\$ 687,366	141,011
1954	10.55	—	10.55	932,310	183,514
1955	10.50	—	10.50	839,812	130,408
1956	12.75	10.00¢	22.75	2,229,065	553,995
1957	10.75	12.14	22.89	4,557,140	1,224,594
1958	9.50	10.00	19.50	5,158,623	1,599,334
1959	14.20	10.00	24.20	7,997,708	2,050,063
1960	9.95	10.00	19.95	8,419,781	2,468,349
1961	9.50	10.00	19.50	11,619,331	3,161,276
1962	9.55	11.00	20.55	16,389,039	4,342,047
1963	9.50	10.00	19.50	17,990,307	5,117,747
1964	8.00	11.50	19.50	21,474,024	5,416,100
1965	7.75	16.25	24.00	24,830,014	5,700,655
1966	8.25	15.75	24.00	28,555,094	6,944,401
1967	7.00	14.00	21.00	27,745,706	7,100,827

*Adjusted for 2-for-1 stock split effected October 24, 1955.

ACCUMULATION PLAN \$100 Per Month in G.I.S.

The investment of fixed sums of money, at regular intervals, enables the shareholder to purchase more shares when the market is low, and fewer shares when the market is high, so that the average cost per share is less than the average market price of the shares.

Many G.I.S. shareholders take advantage of this principle of "dollar averaging" (and at the same time build their accounts to more substantial proportions) through periodic purchase plans arranged with their investment dealers.

The record of one of these accumulation plans, on the basis of \$100 per month invested in G.I.S. Estate Plan with dividends reinvested, is shown here in tabular form:

YEAR ENDED MARCH 31	AMOUNT INVESTED	NUMBER OF SHARES HELD	TOTAL VALUE OF INVESTMENT
1953	\$ 1,100	229.563	\$ 1,122.56
1954	2,300	499.094	2,435.58
1955	3,500	686.319	4,461.07
1956	4,700	1,782.028	7,199.39
1957	5,900	2,162.108	8,086.28
1958	7,100	2,641.846	8,612.42
1959	8,300	3,093.028	12,186.53
1960	9,500	3,587.141	12,411.51
1961	10,700	4,097.425	15,078.52
1962	11,900	4,647.888	17,569.02
1963	13,100	5,230.424	18,515.70
1964	14,300	5,832.118	23,153.51
1965	15,500	6,413.548	27,963.07
1966	16,700	7,077.643	30,079.98
1967	17,900	7,766.613	30,522.79

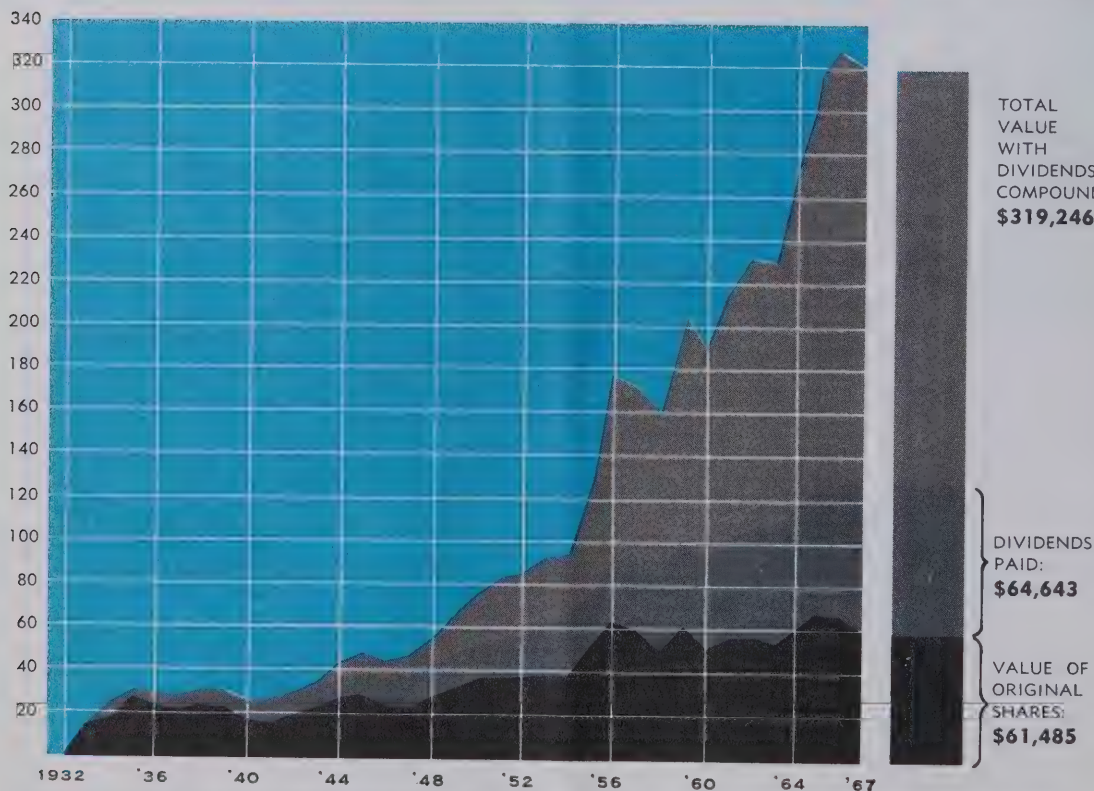
RECORD OF INVESTMENT — 1932-1967

G.I.S. Series "A" 1932-1951 G.I.S. Limited 1952-1967

The purchase of mutual fund shares should be considered by the shareholders only as a long-term investment. Because of the very nature of this kind of investment there is, in most cases, little advantage to be gained by the shareholder who redeems his interest within 5 or 10 years and the greatest advantage to be gained by the shareholder who maintains his investment over a period of 20 or 30 years, or more.

In order properly to judge the merits of a mutual fund investment, the prospective shareholder should be enabled to observe investment results over a long period. Ideally, this period would include every conceivable market experience, but this is not always possible in the case of relatively new mutual funds.

For this reason we show on this page the history of an assumed investment made in G.I.S. Series "A" in 1932, which provided initial net assets of \$10,000. G.I.S. Series "A" was a 20-year investment trust which terminated in 1951. It is assumed that the liquidated proceeds of this investment were invested in Grouped Income Shares Limited, the successor to G.I.S. Series "A", at its initial offering in 1952.



Records such as this, and others which appear in this report, are those of past performances only and should not be taken as indications of future performance.



RECORD OF AN INVESTMENT — 1952-1967

Shown below is the record of an assumed investment, made in G.I.S. on April 25, 1952, which provided \$10,000 in initial net assets. The graph indicates the results in respect to the original assets and the results on the basis of reinvested dividends. Below is a record of the cash dividends paid per annum, on an investment of this size, and the total dividends paid over the fifteen-year period.



5% DIVIDEND OBJECTIVE

The objective of G.I.S.'s dividend policy is to provide shareholders with a distribution of **not less than 5% per annum** on the average daily offer price of the fund's shares.

This policy makes it possible for the cash-dividend shareholder to invest in growth stocks and, at the same time, to enjoy a higher-than-average distribution. Such a distribution will come initially from the net income of G.I.S. with any additional amount required effectively to be derived from the increase in the asset value of G.I.S. shares or if insufficient in any particular case from a partial distribution of capital paid in.

Shareholders who prefer to re-invest dividends, automatically increase their participation in the growth potential of G.I.S., without additional cost, and, at the same time, retain the tax benefits described below.

INCOME TAX POSITION

In order to achieve the objective outlined above, G.I.S. supplements regular "income" dividends with "stock" distributions. In the past, G.I.S. "stock" distributions have not been subject to Canadian Income Tax and no change in this respect is foreseen.

Whether their dividends are received in cash, or re-invested, G.I.S. shareholders may deduct, from tax payable, 20% of the amount received from income dividends. Such deductions are in accordance with Section 38 of the Income Tax Act and apply to dividends paid by most Canadian mutual funds.

The total amount of the "income" dividends paid to the shareholder each year will appear on the T-5 tax form prepared by the Trustee after the end of each year. The total amount of the "stock" distributions paid to the holder each year will not be included on the T-5 form.



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Director, Empire Life Insurance Company
Director, Belding-Corticelli Limited
Director, Marshall Steel Company Limited
Director, Beaubran Corporation
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Director, M.G.F. Management Ltd.
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Director, Ellis-Don Limited
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Director, B.C. Ice & Cold Storage Ltd.
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Vice-President and Director, Westcoast Transmission Company Limited
Vice-President and Director, Western Pacific Products & Crude Oil Pipelines Ltd.
President and Director, Saratoga Processing Co. Ltd.
Director, Alberta Phoenix Tube & Pipe Limited
President, Calgary Inn Limited
Vice-President and Director, Gas Trunk Line of British Columbia Limited
Director, Pacific Petroleums Limited
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President, Empire Company Limited
Director, Dominion Steel & Coal Corp. Ltd.
Director, Anthes Imperial Limited
Director, Dominion Textile Company Ltd.
Director, International Bronze Limited
Director, Dominion Coal Co. Limited
Director, Maritime Steel & Foundries Ltd.

Director, Tibbetts Paints Limited
Director, Nova Scotia Trust Co.
Director, Ferguson Industries Limited
Director, Canadian Salt Co. Limited
Director, Canadian Rock Salt Co., Limited
Director, Fraser Companies Ltd.
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Director, Commerce & Industry Insurance Co.
Director, Canadian Fur Investments Ltd.
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Chairman, Grouped Fund Distributors Ltd.
President, M.G.F. Management Limited
Governor, Funds of Mutual Funds Management Corp. Ltd.

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Treasurer

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340 Bentall Bldg.,
Calgary, Alberta

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Toronto, Ontario,
Vancouver, British Columbia,

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SECURITIES AND DIVIDEND DISBURSING AGENT**

NATIONAL TRUST COMPANY LIMITED - G.I.S.
Calgary, Alberta

CROWN TRUST COMPANY - G.I.S.(C)
Montreal, Quebec

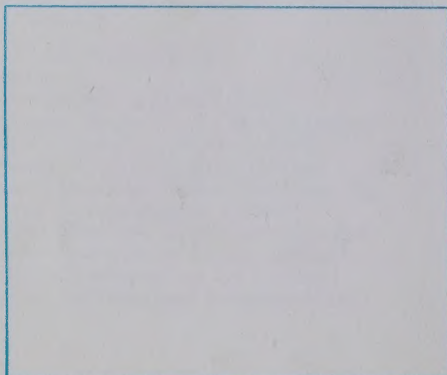
TRANSFER FACILITIES

NATIONAL TRUST COMPANY LIMITED
Vancouver, Winnipeg, Toronto, Montreal

EASTERN AND CHARTERED TRUST COMPANY
Saint John, N.B.; Halifax, N.S.

AUDITORS

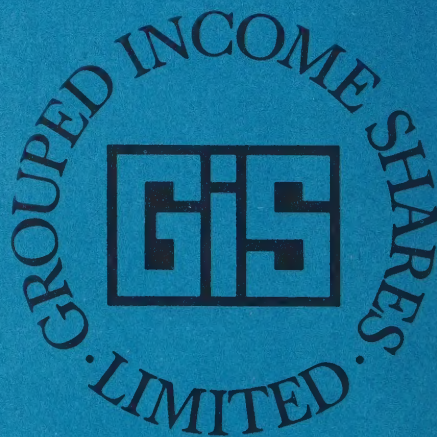
MESSRS. RIDDELL, STEAD,
GRAHAM & HUTCHISON,
Chartered Accountants

**ANNUAL****REPORT**

GROUPED INCOME SHARES LIMITED

Lee

GROUPED INVESTMENT
SHARES (COMPOUND)



ANNUAL REPORT

YEAR ENDED MARCH 31, 1967

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